

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

August 4, 2017

Compliance News

Treasury to End myRA Program

The Treasury Department [announced](#) recently that it will start winding down its myRA program after a review determined that the program, created to help lower income earners start saving for retirement, was not cost effective. Nearly \$70 million has been spent to manage the program since 2014, and participation has been extremely low. Participants will be notified and advised to move their myRA funds to private sector retirement options.

Source: Treasury Department

FinCEN Levies \$122M in Money Laundering Fines

FinCEN has [announced](#) the assessment of civil money penalties in the amounts of \$110 million against BTC-e a/k/a Canton Business Corporation and \$12 million against Alexander Vinnik, for violations of the Bank Secrecy Act. BTC-e and Vinnik have been indicted in the Northern District of California for money laundering, conspiracy to commit money laundering, engaging in unlawful monetary transactions, and the operation of an unlicensed money transmitting business. The agency said that BTC-e operated a virtual currency exchange for facilitating ransomware and Dark Net drug sales. This was FinCEN's first enforcement action against a foreign-located MSB.

Source: FinCEN

OFAC Adds Venezuelan President to SDN List

On Monday, July 31, 2017, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated the President of Venezuela, Nicolas Maduro Moros, pursuant to [Executive Order 13692](#), which authorizes sanctions against current or former officials of the Government of Venezuela and others undermining democracy in Venezuela. This means that all assets of Nicolas Maduro subject to U.S. jurisdiction are frozen, and U.S. persons are prohibited from dealing with him.

OFAC Targets Other Venezuelan Officials

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) recently designated [13 current or former senior officials](#) of the Venezuelan Government pursuant to Executive Order (E.O.) 13692, which authorizes sanctions against officials of the Government of Venezuela and others undermining democracy there. The sanctions came ahead of the planned July 30, 2017, election orchestrated by Venezuelan President Nicolas Maduro of a National Constituent Assembly (Asamblea Nacional Constituyente, or ANC) that will have the power to rewrite the Venezuelan constitution and may choose to dissolve Venezuelan state institutions.

Source: OFAC

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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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MOUNTAIN WEST
Credit Union Association

Training & Events Calendar

August 8

Webinar: [How to Legally Compensate Mortgage Loan Originators](#)

August 9

Webinar: [Appraisals & Evaluations for Consumer Real Estate Lending](#)

August 15

Webinar: [TILA Rules for Non-Mortgage & Non-Credit Card Lending](#)

August 16

Webinar: [Job-Specific BSA for Deposit Operations: SAR Monitoring, 314\(1\) Requests & CIP](#)

August 21

Webinar: [Revisiting Your HMDA Policies to Include Comprehensive Changes Effective Jan 1, 2018](#)

August 22

Webinar: [New Compliance Officer Boot Camp](#)

August 23

Webinar: [Vendor Problem Resolution: A Five-Step Approach](#)

August 24

Webinar: [When a Borrower Dies: Next Steps & Best Practices](#)

August 30

Webinar: [Comparing Regulation E with Visa & MasterCard Rules](#)

September 7

Webinar: [Responding to Official Demands for Member Funds: Subpoenas, Garnishments, Summonses & Levies](#)

September 12

Webinar: [Regulator Issues for the Credit Analyst](#)

September 13

Webinar: [Minor Accounts: Ownership, Documentation & Access](#)

September 20

Webinar: [Supporting Documentation for the ALLL: Current Rules & Future Expectations Under CECL](#)

September 27

Webinar: [Step by Step SAR Completion: Dos & Don'ts](#)

September 28

Webinar: [Record Retention & Destruction Rules: Compliance & Best Practices](#)

October 16

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



Put a CCRS at Your Fingertips!

Easily apply [Consumer Compliance Rating System](#) (CCRS) expectations with AffirmX. CCRS is a supervisory policy for evaluating a financial institution's adherence to consumer compliance requirements. By adding AffirmX to your team of experts, a credit union can meet examiner expectations to proactively prevent, self-identify, and correct compliance issues. AffirmX is the leading cloud-based compliance solution that delivers a near-real time risk-based dashboard of your compliance operations. AffirmX provides document review for all areas of regulatory compliance, including ACH, Advertising, BSA, Deposits, Loans, and Operations, as well as helps you create and manage your Cybersecurity Risk Assessment.

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



InfoSight Highlight

Electronic Funds Transfers – Regulation E

The CFPB's Regulation E implements the provisions of the Electronic Fund Transfers Act (EFTA). The EFTA establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of credit unions that offer these services.

The EFTA has two primary purposes:

- to protect consumers by requiring credit unions to disclose all the terms and conditions surrounding an electronic fund transfer (EFT); and
- to limit the liability of members for unauthorized transfers and establish procedures for the correction of billing errors.

What is an Electronic Fund Transfer (EFT)?

An EFT is any transfer of funds that is initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing or authorizing a credit union to debit or credit an account. Members may initiate an EFT by the use of electronic check conversion or an access device issued by the credit union. EFTs include, but are not limited to:

- point-of-sale (POS) transfers,
- automated teller machines (ATM) transfers,

Webinar: [Planning & Compliance Considerations for the New Fannie Mae & Freddie Mac Uniform Residential Loan Application](#)

October 26

Webinar: [Job-Specific BSA Training for Frontline: CTRs, SARs, CIP & More](#)

October 30

Webinar: [Preparing for the Impact of New Prepaid Card Rules Under Regulation E – Deadline April 1, 2018](#)

November 8

Webinar: [When a Depositor Dies: Next Steps & Best Practices](#)

November 9

Webinar: [Auditing for Reg E Compliance](#)

November 16

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

November 29

Webinar: [OFAC Sanctions Compliance: Update, Expectations & Best Practices](#)

December 6

Webinar: [Job-Specific BSA Compliance for Lenders](#)

Recorded Webinars:

Webinar: [CTR Technical Changes: New Data Fields, Amendments & Alternate Model Reporting](#)

Available August 18

Webinar: [New MLA Requirements for Credit Cards, Effective Oct 3, 2017](#)

Regulatory Compliance School Sept. 13 & 14 – Denver Now Open for Registration

Credit union compliance professionals face a complex regulatory environment and challenging compliance issues. For those needing a refresher course or a solid understanding of the regulations and laws affecting their regulatory compliance responsibilities, plan to attend the Mountain West Regulatory Compliance School taught by compliance experts, Bruce Jolly and David Reed. This 2-day program will provide you with the latest information regarding operational compliance issues, and update you on current areas of concern expressed by regulators and examiners. Plan to attend this important program so you can stay up-to-date with the latest compliance regulations and ensure your credit union is operating within the current laws.

Registration deadline is August 30, 2017. To register for the **Sept. 13-14** Regulatory Compliance School in **Denver**, click [here](#).

Compliance Lunch & Learn September 21 - Grand Junction, CO

- direct deposits or withdrawals of funds,
- transfers initiated by telephone
- electronic check conversion by merchants, and
- transfers resulting from debit card transactions (whether or not initiated through an electronic terminal).

There are, however, a number of transactions, which are not covered by Regulation E. For example, transfers of funds originated by checks/drafts, payments made by checks/ drafts at an electronic terminal, and substitute checks covered under Check 21 are not covered by Regulation E. Likewise, Regulation E does not cover wire transfers through Fedwire, automatic transfers by account-holding credit unions, and incidental telephone transfers that are not initiated under a prearranged plan that allows periodic or recurring transfers. There is also a small credit union exemption for preauthorized transfers to or from accounts held at a credit union with \$100 million or less in assets calculated based upon assets as of the preceding December 31.

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

Compliance Videos

First Quarter 2017 Recap and Second Quarter Outlook

This [new video](#) provides a recap from Glory LeDu, Director of League System Relations, of the first quarter compliance updates and gives a “sneak peek” of what is to come in the second quarter of 2017. Included are such topics as the NCUA changes to Member Business Lending, the Fixed Assets Rule and the Chartering and Field of Membership Manual as well as a minor revision to the CFPB’s HMDA information. There were also annual updates from the CFPB, FRB and the IRS. The FFIEC has also updated the Uniform Interagency Consumer Compliance Rating System, which is mentioned in this video as well as covered in depth in a separate video (see below).

FFIEC Consumer Compliance

In this [new video](#), Glory LeDu explains the updates made to the Uniform Interagency Consumer Compliance Rating System by the Federal Financial Institutions Examination Council (FFIEC), as well as the CFPB’s requirements for an effective Consumer Compliance Management System. Credit unions should review this video to determine how their current compliance management system stacks up, as examiners will be using this rating system to evaluate credit unions on compliance factors and will be assigning an overall Consumer Compliance Rating.

Member Business Lending

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

Plan to join your compliance peers in Grand Junction, CO on September 21, 2017 for the next Compliance Lunch & Learn. This two-hour program includes a presentation, networking time, lunch and an open-forum discussion on Power of Attorney, Trusts & UDAAP. Mark Robey will provide an overview of opening, maintaining and closing accounts for trusts, and will discuss various power of attorney issues. Julie Kappenman will review recent regulatory activity. Mark and Julie will also lead a discussion about the Unfair Deceptive and Abusive Acts and Practices Act (UDAAP). Cost is \$35; registration deadline is September 15. To register, email Jodi Weiser at jweiser@mwcu.com.



Compliance Calendar

July 30, 2017

- 5300 Call Report Due to NCUA

September 4, 2017

- Labor Day Federal Holiday

September 15, 2017

- [Same-day ACH – Phase 2](#)

September 30, 2017~NCUA

- [New Call Report Form](#)

October 1, 2017

- [Prepaid Accounts Under the Electronic Funds Transfer Act/Reg E and the](#)

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

January 1, 2018

- [HMDA/Reg C](#)

March 16, 2018

- [Same-day ACH - Phase 3 \(Final phase\)](#)

April 1, 2018

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

April 19, 2018

- [Amendments to 2013 Mortgage Rules under RESPA/Reg X and TILA/Reg Z](#)

May 11, 2018

- [Customer Due Diligence/CDD](#)

CUNA Comment Calls – Due Dates on Proposed Rules

July 10, 2017~CFPB

Advocacy Highlight

CUNA Sends Comments to Treasury Outlining Regulatory Burdens

CUNA Senior Director of Advocacy and Counsel Leah Dempsey, [sent a letter](#) to the U.S. Department of the Treasury (Treasury) outlining areas where regulatory burdens are harming the ability of credit unions to serve their members.

The Treasury's inquiry into this issue is in response to Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs, which directs agencies to eliminate two regulations for each new regulation issued and to limit costs for this fiscal year to zero and Executive Order 13777, Enforcing the Regulatory Reform Agenda, which requires agencies to convene a regulatory reform task force to assist in the implementation of Executive Order 13771.

CUNA in its letter expressed concerns with the overall cost of compliance for credit unions from CFPB rules. It stated that more appropriate tailoring of rules, and providing credit union exemptions when warranted in areas where credit unions have no pattern of harm to consumers, would create a better operating environment for consumers. In the letter to the Treasury, CUNA provided specific changes to CFPB rules and policymaking that would provide credit unions with greater ability to provide their safe and affordable products and services.

In the letter, CUNA also outlines a number of suggestions for the Treasury to find a better balance between BSA/AML requirements and costs to small financial institutions. The letter notes that credit unions are deeply committed to the fight against financial crime, but it is important to recognize that credit unions are not law enforcement agents and have certain fundamental limitations. It provides detailed suggestions on how costs can be reduced without limiting credit unions' efforts to prevent criminal activity.

The letter also noted that the federal government should strongly support Community Development Credit Unions and the NCUA's Community Development Revolving Loan Fund. It argues that these programs are important for American consumers, including many who are financially distressed and underserved.

Additionally, the letter provides suggestions for Housing Finance reform, the Military Lending Act, and the Telephone Consumer Protection Act.

Earlier this year, credit union representatives and CUNA staff met with the Treasury to outline areas where regulatory burdens are harming the ability of credit unions to serve their members. CUNA will continue to urge the

CFPB's Notice of Assessment of 2013 RESPA Servicing Rule and Request for Public Comment

July 13, 2017~Federal Reserve

Availability of Funds and Collection of Checks (Reg CC)

July 17, 2017~NCUA

2017 Regulatory Review

July 21, 2017~CFPB

Assessment of Ability to Repay / Qualified Mortgage Rule

July 24, 2017~Department of Treasury

Request for Information About Regulations That Can Be Eliminated, Modified, or Streamlined in Order to Reduce Burdens

July 26, 2017~CFPB

Temporary HMDA Threshold Increase

July 28, 2017~CFPB

Proposed Amendments to Prepaid Accounts Rules Under Reg E and Reg Z

August 7, 2017~NCUA

NCUA's Notice of Proposed Rulemaking Regarding Appeals Process

NCUA's Notice of Proposed Rulemaking Regarding Supervisory Review Committee; Procedures for Appealing Material Supervisory Determination

NCUA's Notice of Proposed Rulemaking Regarding Bylaws; Bank Conversions and Mergers; and Voluntary Mergers of Federally Insured Credit Unions

August 14, 2017~NCUA

Corporate Credit Union Proposal

August 31, 2017~CFPB

CFPB's Request for Information Regarding the Small Business Lending Market

Treasury to engage with other regulators to improve the operating environment for credit unions.

Source: CUNA Removing Barriers Blog

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.

Effective Dates New and Revised Rules

September 15, 2017~NACHA

Same-day ACH (NACHA) – Phase 2

October 19, 2017~CFPB

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

April 1, 2018 ~ CFPB

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

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

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