

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

February 2, 2018

Compliance News

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Q&A: Who is liable for the failure to determine a covered-borrower's status under the MLA in connection with an indirect loan?

A. If your credit union is participating in an indirect lending program in which you are taking assignments of loans or installment sales contracts from motor vehicle dealers, you should require that the dealer/assignor provide you with a verification of compliance with the Department of Defense regulations implementing the MLA. While it is the dealer/lender's responsibility to comply with the MLA at the time of extending credit (including determination of covered borrower status), as an assignee, the credit union may be liable for compliance failures. In addition, credit unions should ensure that their indirect lending agreements provide remedies (such as repurchase and indemnity) for an assignor's failure to comply with legal and regulatory requirements.

Consumer Financial Protection Bureau Finalizes Changes to Prepaid Accounts Rule

The Consumer Financial Protection Bureau (Bureau) announced that it has finalized updates to its 2016 prepaid rule. The Bureau's 2016 prepaid rule put in place requirements for treatment of funds on lost or stolen cards, error resolution and investigation, upfront fee disclosures, access to account information, and overdraft features if offered in conjunction with prepaid accounts. The changes announced adjust requirements for resolving errors on unregistered accounts, provide greater flexibility for credit cards linked to digital wallets, and extend the effective date of the rule by one year to April 2019.

Prepaid accounts are among the fastest growing consumer financial products in the United States, usually purchased at retail outlets or online. Prepaid accounts may be loaded with funds by a consumer or by a third party, such as an employer. Consumers generally can use these accounts to make payments, store funds, withdraw cash at ATMs, receive direct deposits, or send money to others. According to industry analysts, the amount consumers put on "general purpose reloadable" prepaid cards

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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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grew from less than \$1 billion in 2003 to nearly \$65 billion in 2012. The total dollar value loaded onto these prepaid cards is expected to nearly double to \$116 billion by 2020.

The changes to the prepaid rule will:

- **Adjust error resolution requirements:** In June 2017, the Bureau proposed amendments to require consumers to register their accounts to receive fraud and error protection benefits, such as the right to dispute charges and have stolen money restored, and to extend the protections retroactively to suspected thefts or disputes occurring before registration was successfully completed. Today's changes provide that the error resolution and liability limitation protections apply prospectively, after a consumer's identity has been verified. These changes will help encourage prompt registration and streamline compliance for financial institutions as well as ensure continued availability and utility of prepaid accounts for consumers.
- **Provide more flexibility concerning credit cards linked to digital wallets:** Digital wallets provide consumers with an electronic way to use their debit and credit cards. Some digital wallets are also prepaid accounts because consumers can use them to store and access funds directly. The rule changes ensure that consumers continue to receive full federal credit card protections on their traditional credit card accounts while making it easier for them to link those accounts to digital wallets that can store funds. The changes also reduce potentially unnecessary complications and expense to consumers who link credit cards to digital wallets.
- **Extend the overall effective date of the rule by one year:** The Bureau is sensitive to the concerns raised by commenters about needing more time to implement the rule, especially where they are making changes to packaging for prepaid cards sold in stores. The Bureau is thus extending the overall effective date of the rule by an additional year, to April 1, 2019.

The Bureau also finalized certain other clarifications and minor adjustments to aspects of the prepaid rule. [Click her for more information about the changes and the Bureau's 2016 prepaid rule.](#)

[Click here to view the final rule.](#)

Source: CFPB

Russian and Ukrainian Individuals and Entities Designated

Treasury's Office of Foreign Assets Control has [announced](#) the designation of 21 individuals and 9 entities under four Executive Orders related to Russia and Ukraine, including three individuals and two entities related to Russia's transfer of four turbines made by a Russian-German joint venture to Crimea. OFAC also identified 12 subsidiaries that are owned 50 percent or more by previously sanctioned Russian companies to provide additional information to assist the private sector with sanctions compliance.

Source: OFAC

CUNA Advocacy Update

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. To receive this update, click on "Get CUNA Updates" on the [CUNA Advocacy Page](#). Additional Advocacy efforts

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



Home Mortgage Disclosure Act (HMDA)

The Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1975 and is implemented by the Consumer Financial Protection Bureau's (CFPB) Regulation C. This regulation provides the public loan data that can be used to do the following:

- Determine whether financial institutions are serving the housing needs of their communities;
- Assist public officials in distributing public-sector investments so as to attract private investment to areas where it is needed; **and**
- Identify possible discriminatory lending patterns.

This regulation applies to certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions.

Congress passed HMDA to eliminate redlining and other illegal practices by lenders that sometimes contributed to the decline of certain geographic areas by failing to provide adequate home financing to qualified applicants on reasonable terms and conditions.

HMDA requires certain credit unions to report data to the National Credit Union Administration (NCUA) about home purchase and home improvement loans that they

may also be found under [CUNA's Removing Barriers blog](#). With the recent updates to CUNA's website, Advocacy information has also changed. To view recent advocacy issues and see ways your credit union can become involved, visit the [Priorities](#) or [Actions](#) pages.



MOUNTAIN WEST
Credit Union Association

Training & Events Calendar

2018 Webinars

IMPORTANT NOTE: For the past ten years we have partnered with the Credit Union Webinar Network to provide timely, relevant webinars. We are excited to announce an expansion of our partnership! Beginning in 2018, they will also assist us in marketing and managing these webinars. Click on the link above for a full list of webinar offerings and for more detailed information.

February 6

Webinar: [Fair Lending Challenges for HMDA Data Rule Changes: Expanded Data Fields & Lending Practices](#)

February 8

Webinar: [Simplifying the Compliance Function: Tools & Checklists to Keep You on Track](#)

February 14

Webinar: [Preparing for the New Mortgage Servicing Rules: Final Implementation Date, April 19, 2018](#)

March 8

Webinar: [Revisiting CDD Policies & Procedures to Include Beneficial Ownership Rule Changes Effective May 11, 2018](#)

March 15

Webinar: [Flood Insurance Compliance Review & Update 2018](#)

March 21

Webinar: [Compliance & Legal Risks in Mobile Banking: Rules & Security Requirements](#)

March 22

Webinar: [Completing the CTR Line-by-Line Effective May 28, 2018: Technical Changes, New Data Fields & Alternate Model Reporting](#)

March 28

Webinar: [Collections & The Servicemember: From the MLA to SCRA](#)

**For 2018 webinar questions, please contact MWCUA@cuwebtraining.com.*

Compliance Lunch & Learn - Denver

Join your credit union compliance peers for instruction and a discussion regarding Advertising & Sweepstakes Rules - review important advertising regulations, and discuss how to avoid pitfalls with promotional giveaways,

originate or purchase, or for which they receive applications, and to disclose certain data to the public. The Federal Financial Institutions Examination Council (FFIEC) compiles the information into a Home Mortgage Disclosure Statement that is then available for download to the credit union from the FFIEC website. The credit union must make this report available to the general public upon request. The disclosure statement must remain available for 5 years.

The Home Mortgage Disclosure Act had some significant changes that were effective January 1, 2018.

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

Compliance Videos

NEW! Compliance Outlook for Q4 2017

In this [video](#), Glory LeDu provides a brief summary of the key changes of the new HMDA rules becoming effective in January.

Quarterly Update for Q4 and Review of Q3

This newly released Compliance Connection [video](#) reviews those laws and regulations effective in the 3rd Quarter of 2017 and tells credit unions what to prepare for in the 4th Quarter of 2017 as well as what's coming up in the first half of 2018.

Effective Dates New and Revised Rules

January 16, 2018

- [Payday Lending, Vehicle Title, and Certain High-Cost Installment Loans](#)

January 19, 2018

- [Emergency Mergers](#)

March 16, 2018

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

April 19, 2018

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

May 11, 2018

- [Customer Due Diligence/CDD](#)

May 25, 2018

- [EU's General Data Protection Regulation](#)

July 1, 2018

- [Availability of Funds and Collection of Checks/Reg CC](#)

October 1, 2018

- [Amendments to the Integrated Disclosure Rule](#)

January 1, 2019

sweepstakes and contests. Cost is \$35/ person. Instruction, networking and lunch included.

- Feb. 22: [Compliance Lunch & Learn](#): Denver, CO

CUNA Comment Calls – Due Dates on Proposed Rules

January 8, 2018~CFPB

[Financial Coaching Program for Veterans and Low-income Consumers](#)

January 16, 2018~CFPB

[Web-based Quantitative Testing of Point of Sale/ATM Overdraft Disclosure Forms](#)

February 12, 2018~CFPB

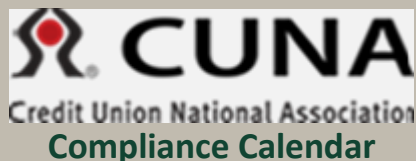
[Consumer's Experience with Free Access to Credit Scores](#)

February 20, 2018~FHFA

[Credit Score Requirements](#)

March 5, 2018~Federal Reserve

[Consumer Leasing \(Regulation M\)](#)



February 19, 2018

- President's Day – Federal Holiday

May 28, 2018

- Memorial Day – Federal Holiday

July 4, 2018

- Independence Day – Federal Holiday

September 3, 2018

- Labor Day – Federal Holiday

October 8, 2018

- Columbus Day – Federal Holiday

November 12, 2018

- Veterans Day (observed) – Federal Holiday

- [HMDA Thresholds/Reg C](#)

January 1, 2019

- [Risk-Based Capital](#)

April 1, 2019

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

August 19, 2019

- [Payday Lending, Vehicle Title, and Certain High-Cost Installment Loans](#)

January 1, 2020

- [HMDA Threshold/Reg C](#)

December 15, 2020

- [Current Expected Credit Losses](#)

January 1, 2022

- [Amendments to Equal Credit Opportunity Act \(Reg B\) Ethnicity and Race Information Collection](#)

**For detailed information on rules and effective dates, click [here](#)*

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

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