

183

Days Until
Aug 1, 2015

With one of the most sweeping regulatory changes for credit unions in decades less than three months away, MWCUA is dedicated to helping you prepare. Each week we will present a topic, question, or idea taking you one step closer to successful implementation.

Are you planning to attend the upcoming compliance networking council on February 12th? Share and discuss how your preparation is going. For details [click here](#)

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

January 30, 2015

Compliance News

NCUA Announces Civil Money Penalties for Credit Unions That File Call Reports Late

Last week, NCUA announced civil money penalties against 31 credit unions for filing their third quarter 2014 call reports late. These credit unions consented to pay a total of \$12,820, with individual penalties ranging from \$138 to \$1,878, according to NCUA. The penalty funds will be sent to the U.S. Treasury by the NCUA, as mandated in the Federal Credit Union Act. A total of 47 credit unions filed call reports late for the third quarter. After NCUA consulted regional offices and state supervisory authorities to review each of those cases, 42 credit unions were eligible to reduce their penalties by signing a consent agreement. NCUA granted waivers for 11 of the credit unions and the remaining 31 credit unions consented. Seventy five credit unions filed late reports in the second quarter of 2014, with 44 eventually paying a total of \$17,111 in penalties. In the first quarter, 104 credit unions missed the deadline, and 62 were eventually fined a total of \$57,750.

Source: CUNA News Now

NCUA Posts New ID Theft Resources for Consumers

New resources are available from the National Credit Union Administration to help consumers protect themselves from identity theft and take action if they believe they have been victimized. According to the NCUA, more than 16 million Americans were victims of identity theft in 2012, the most recent year data is available, which resulted in more than \$24 billion in losses.

This week has been [designated](#) Tax Identity Theft Awareness week by the Federal Trade Commission, and the NCUA has updated its [MyCreditUnion.gov](#) website in conjunction with those efforts. The new NCUA [webpage](#) explains the basics of identity theft, how to uncover it and how to repair potential damage.

Steps to prevent identity theft include:

- Get an Identity Protection (IP) PIN from the IRS. An IP PIN is a six-digit number assigned to eligible taxpayers that helps prevent the misuse of Social Security numbers on fraudulent federal income tax returns;
- Check mail and credit union account statements every month. If you discover an account you did not open, balance discrepancy or a purchase you did not make,

Compliance Team

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contact the financial institution or creditor immediately to report the activity;

- Monitor your credit reports on a regular basis. Information on credit reports, why they matter and how to obtain three free credit reports annually is available at the NCUA's Credit Reports and Credit Scores learning center; and
- Talk to your credit union about the identity theft resources they may offer. Most credit unions offer or partner with companies that offer services and materials to help their members safeguard their accounts.

Other resources available from the NCUA include: a [Frauds and Scams](#) page, fraud prevention [YouTube videos](#) and an [identity theft prevention](#) page.

Source: CUNA News Now

CFPB Takes Action Against Wells Fargo and JPMorgan Chase for RESPA Violations

Last week, the CFPB, working with Maryland's Attorney General, took action against Wells Fargo and JPMorgan Chase for an illegal marketing services kickback scheme they participated in with now defunct title company, Genuine Title. In connection with this action, the agency and Attorney General also took action against a former Wells Fargo employee and his wife for their involvement. Genuine Title gave the banks' loan officers cash, marketing materials, and consumer information in exchange for business referrals. These practices violated the Real Estate Settlement Procedures Act (RESPA), which prohibits giving a "fee, kickback, or thing of value" in exchange for a referral of business related to a real estate settlement service. In addition to the loan officers at Wells Fargo and JPMorgan Chase, several loan officers at another financial institution also participated in the scheme with Genuine Title. While Wells Fargo and JPMorgan Chase did not identify or address the illegal conduct, that institution self-identified the problematic practices and terminated the loan officers involved. The institution also cooperated with CFPB's investigation and self-initiated a remediation plan. Based on the institution's behavior, the CFPB resolved that investigation without an enforcement action, consistent with the CFPB's [Bulletin on Responsible Business Conduct](#).

For more information regarding the action taken against Wells Fargo and JPMorgan Chase, click [here](#).

Source: CUNA

April 27 is RBC2 Comment Deadline

The comment deadline is April 27 for the revised risk-based capital plan proposed January 15th by the National Credit Union Administration.

As expected, the proposal was printed in the [Federal Register](#), thereby kicking off the 90-day comment period set by the agency.

The Credit Union National Association has noted "significant improvements" in the agency's revised plan and is seeking credit union comment on how the new proposal will affect their operations, and what further improvements are necessary. CUNA soon will issue a Comment Call for credit union views.

See related story for more details: [RBC2 changes, improvements, outlook detailed in CUNA webinar](#).

For more information, check's CUNA's Risk-Based Capital [Action Center](#), Risk-Based Capital [blog](#) and future issues of *News Now*.

Source: CUNA News Now

Advocacy Highlights

NCUA, CUNA Answer Questions in RBC2 Webinar

On January 26, NCUA Examination and Insurance Director Larry Fazio presented his thoughts on the changes proposed in the second iteration of the risk based capital rule. CUNA Chief Policy Officer Bill Hampel also presented preliminary findings of his economic analysis on the impact of the rule, and Deputy General Counsel Mary

compliance risk assessments isn't what you are looking for, we now offer a basic annual compliance package, including BSA, ACH, SAFE Act, and Website compliance for one low price.

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FACT Act: Summary (Regulation V)

The Fair and Accurate Credit Transactions Act (FACT Act) amends the Fair Credit Reporting Act in several important ways. It permanently reauthorized the seven existing preemption provisions which were scheduled to sunset on January 1, 2004, and extended preemption to certain areas related to identity theft prevention and mitigation.

In addition, the new law provided consumers with a free credit report every year, new identity theft protections, medical privacy rights, and an ability to opt-out of information sharing between affiliated companies for marketing purposes. The Act also established a financial literacy commission and mandated a national financial literacy campaign to educate consumers on personal financial matters, including creating household budgets, managing spending more effectively, investment and wealth building, buying a home, and preparing for retirement.

How does the FACT Act impact credit unions?

There are several new requirements created by the FACT Act.

The FACT Act imposed several new obligations on financial institutions, including:

- Developing policies and procedures to identify potential instances of identity theft;
- Taking certain precautions before extending credit to consumers who have placed fraud alerts in their files;
- Requiring financial institutions to reconcile potentially fraudulent consumer address information;
- Requiring lenders to disclose their contact information on consumer reports; **and**
- Requiring that consumers be notified when a financial institution (or merchant, finance company, etc.) reports negative information to a credit bureau.

CU Compliance Connection – Cloud Computing

[This presentation](#) on CUBE TV looks at Cloud Computing and credit unions. As the need to address record and information storage demand

Dunn summarized the approximately 25 key changes CUNA has identified in the new proposal. All responded to questions from CUNA members and staff, including President and CEO Jim Nussle.

Hampel released analysis showing that under the new proposal, approximately 29 credit unions would be adequately capitalized, and five would be undercapitalized. The remaining 1,662 credit unions would be well capitalized. Hampel's numbers are based on an asset threshold of \$80 million—less than the \$100 million cutoff level in the proposal. Because almost all credit unions with between \$80 assets now will be over \$100 million, Hampel notes that they will be covered by the rule once it is implemented in 2019 and need to pay attention to the proposal.

Dunn discussed the changes to NCUA's proposed two-tier RBC ratio for well-capitalized and adequately-capitalized classifications, the legality of the rule itself, how NCUA will assess capital adequacy through the supervisory process, and detailed CUNA's belief that there could be an opportunity for supplemental capital to be included in any RBC final rule. She also detailed CUNA's concerns with the potential for an interest rate risk proposal later this year.

CUNA is making a calculator available so that credit unions can determine their own capital levels under the proposal. In addition, it will be making a detailed summary and chart available, and will continue to update the [Blog](#) and other online resources so credit unions can stay up to date on the latest information.

Source: CUNA



This week's [Regulatory Advocacy Report](#) will bring you up to speed on the following issues:

- NCUA, CUNA Answer Questions in RBC2 Webinar
- CUNA, DCUC Reiterate Concerns with Military Lending Act Proposal in Meeting with CFPB
- CFPB Takes Action Against Wells Fargo and JPMorgan Chase for RESPA Violations
- NCUA Announces Civil Money Penalties for Credit Unions That File Call Reports Late
- Federal Reserve Banks Issue Payment System Improvement Paper

Be sure to visit CUNA's [Risk-Based Capital blog](#)



[Training & Events Calendar](#)

February 4

Webinar: [Revisiting Your RESPA & TILA Policies to Include the New Integrated Disclosure Requirements](#)

February 5

Webinar: [Understanding Appraisals & Appraisal Review Concepts for Lenders](#)

February 11

Webinar: [Account Opening Due Diligence](#)

February 12

[Compliance Networking Council – Denver, Rock Springs, Tucson](#)

February 18

Webinar: [New BSA Officer Training](#)

increases, credit unions continually look for new cost effective methods of processing and storing information. Cloud computing is a technological advancement that can be advantageous to credit unions. This presentation provides information on the requirements for Cloud Computing and how it impacts your credit union.



[Compliance Calendar](#)

January 31

• Credit Card Quarterly Agreement Submission Due to CFPB (10,000 or more open credit card accounts)

February 16

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

March 3

• Permissible Derivatives - Effective Date

March 8

• Daylight Savings Time Begins

March 30

• NACHA Operating Rules Changes

April 24

• 5300 Call Report Due to NCUA

April 30

• Credit Card Quarterly Agreement Submission Due to CFPB (10,000 or more open credit card accounts)

CUNA Comment Calls – Due Dates on Proposed Rules

January 12, 2015~FHFA

[Proposed Regulation on Federal Home Loan Bank Membership](#)

January 23, 2015~NACHA

[Same Day ACH Proposal](#)

March 2, 2015~CFPB

[Safe Student Account Scorecard](#)

March 9, 2015~CFPB

[Prepaid Accounts](#)

Effective Dates New and Revised Rules

August 1, 2015~CFPB

[TILA-RESPA Integrated Disclosure Rule](#)

December 31, 2015~IRS

["Foreign Account Tax Compliance Act" \(FATCA\) Rule](#)

CUNA Schools and Webinars

February 19

Webinar: [Compliance Rules Lenders Must Know](#)

February 24

Webinar: [FFIEC Guidelines & Recent Developments in Cyber Security Risk Management](#)

February 25

Webinar: [Top 10 Compliance Mistakes in Advertising](#)

March 12

Webinar: [Enterprise Risk Management – The Roles of the Board and Supervisory Committee](#)

March 25

Webinar: [TILA/RESPA Integrated Disclosure Line-by-Line – Part 1: Loan Estimate](#)

March 26 – 28

Mountain West 2015 Annual Meeting & Convention - Phoenix:
www.mwcua.com/am

April 15

Webinar: [CFPB Real Estate Loan Collection Rules for Mortgage Servicers](#)

April 22

Webinar: [TILA/RESPA Integrated Disclosure Line-by-Line – Part 2: Closing Disclosure](#)

February 4

Webinar: [ID Theft, Red Flags and Check Fraud for the Frontline](#)

April 1

Webinar: [New Accounts for the Frontline – Compliance Issues to Watch](#)

April 12 - 17

[Regulatory Compliance School – Las Vegas](#)

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

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