



Compliance News

U.S. Ebola Cases Reminder for CUs of Pandemic Prep: Agility

Given how seriously the United States is taking the presence of Ebola in this country, it seems unlikely that a widespread outbreak of the deadly disease could manifest itself at a large scale.

That said, the sensational nature of the disease does serve as a reminder about the importance of preparing for the threat of pandemics of all kinds, such as the flu or other more common viruses.

"Nobody wants to think about pandemic planning," Paul Sullivan, vice president/general manager of Agility Recovery, a disaster recovery solutions company, told *News Now*. "The reason they don't want to think about it is because it has no boundaries--it's all about people. And in my mind, credit unions are all about people."

Agility, a CUNA Strategic Services alliance provider, released a [white paper](#) and [checklist](#) that credit unions can look to when preparing themselves for potential pandemic events.

Called "Gone Viral: Protecting Your Employees and Your Bottom Line from the Effects of Pandemics," the paper outlines the various viruses the world is currently dealing with; who's most vulnerable; what impacts those viruses can have on an organization; and what steps credit unions can take to cut down on potential risks.

Among the viruses most likely to be encountered in the United States is Enterovirus D68, an airborne virus that often spreads when an infected person coughs, sneezes or touches commonly used surfaces, according to Agility. Mild symptoms include fever, a runny nose, sneezing, coughing and muscle aches.

Then, of course, there's influenza, the most serious cases of which occur in people 65 years and older.

To ensure an organization is minimizing the risk of an outbreak that could severely affect its operation, Agility recommends that organizations take a number of proactive steps, including:

- Forming health and wellness teams to take the lead on illness prevention for the organization;
- Meeting once a year to stress the importance of prevention and to keep employees informed;
- Encouraging employees to get flu vaccines, or if possible offer free vaccines to employees;
- Placing hand sanitizer dispensers throughout the office;
- Promoting telecommuting when employees are feeling sick; and
- Routinely sanitizing common surfaces such as kitchen countertops, conference room tables and door handles.

Even when a comprehensive plan is followed, however, the truth is that flu season is unavoidable, Agility says, and there's still always a chance an organization could be impacted.

Should a health crisis occur, Agility recommends:

- Developing a work redundancy plan to make sure every employee is trained to cover at

Compliance Team

[Mark Robey](#)

Sr. VP of Regulatory Affairs

Phone: 800-477-1697, ext. 3327

Direct: 720-479-3327

[Melia Heimbeck](#)

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](#)

Compliance Coordinator

Phone: 800-477-1697, ext. 3281

Direct: 720-479-3281



Get the most advanced cloud-based, near real-time compliance solution available to credit unions. If your 2015 goals include enhancements to your compliance operations without disruption to member service, contact us to see how AffirmX helps identify compliance risk AND provides you access to experts. This innovative tool combines call-report data, onsite visits, and document review in the areas of Operations, Lending, BSA, Deposit and Advertising. Stay current with your consumer regulatory compliance risks with one easy-to-read dashboard that saves you time and money. If a full suite of compliance risk assessments isn't the answer for you, we now offer a basic annual compliance package, including BSA, ACH, SAFE Act, and Website compliance for one low price.

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



Business Continuity Planning – Pandemic

least one other person in their group;

- Setting up a communication system that includes voice messages, text messages and emails to be able to quickly alert employees and members about such an outbreak;
- Setting threat-level guidelines that determine when it's appropriate to cancel meetings or travel; and
- Monitoring unusual increases in absenteeism, among other actions.

"With proper planning, education and services such as the flu vaccine, an organization can minimize sick days and reduce health costs, while ensuring that productivity and quality care are maintained," Agility says.

Source: CUNA News Now

OFAC Consolidates All Non-SDN Sanctions Lists

With the goal of making it easier to comply with its regulations, the U.S. Treasury's Office of Foreign Assets Control (OFAC) is offering all of its non-Specially Designated Nationals (SDN) lists in one consolidated data list. Known as the [Consolidated Sanctions List](#), the files comply with all of OFAC's existing data standards.

According to OFAC, the effort is designed to reduce the number of list-related files that must be downloaded in order to maintain an automated sanctions screening program. If OFAC creates a new sanctions list where the action required of a U.S. person does not necessarily entail blocking, the office will add the new data associated with that list to the files if appropriate.

The lists include:

- Non-SDN Palestinian Legislative Council List (NS-PLC);
- Part 561 List;
- Non-SDN Iran Sanctions Action List (NS-ISA);
- Foreign Sanctions Evaders List (FSE); and
- Sectoral Sanctions Identifications List (SSI).

In approximately six months, OFAC will cease issuing independent data files for the FSE, the SSI and the NS-PLC lists. OFAC will continue to provide and update PDF and TXT versions of the FSE, SSI, NS-ISA, NS-PLC and Part 561 lists and their respective archive of changes. These file formats will continue to be available after the transition period.

OFAC has also upgraded its [Sanctions List Search tool](#), which provides users the ability to search for a name on the SDN lists and the consolidated list. All lists are available in Sanctions List Search.

Source: CUNA News Now

CFPB Develops Tools for Student Loan Relief

Struggling student loan borrowers are increasingly reporting that they receive little information or help when they get in trouble, according to a new [report](#) from the Consumer Financial Protection Bureau's (CFPB) student loan ombudsman.

The report is primarily based on 5,300 student loan complaints filed with the bureau from financial institutions with \$10 billion or more in assets.

"We are hearing from consumers that they are driven into default because private student loan companies are not providing concrete loan modification options," said CFPB Director Richard Cordray. "Struggling private student loan borrowers are finding themselves out of luck and out of options. Lenders and servicers must redouble their efforts to deal with these distressed borrowers."

Common complaints from distressed borrowers include:

- Many private student lenders and servicers are not transparent in communications, nor are they consistent with information on ways to avoid default;
- Options for assistance are often only for a short period of time;
- Some options are provided from lenders and servicers only after the loan is in default;
- Experiences of unusual processing delays, unclear requirements and unaffordable fees; and
- Many lenders' in-school deferment policies force borrowers to choose between finishing school and repaying a loan.

Among the recommendations in the ombudsman's report are potential changes to the U.S. Bankruptcy Code. One potential option is to determine whether the special bankruptcy

A pandemic is a global disease outbreak that spreads easily person-to-person, causing serious illness, and can sweep across the country and around the world in very short time. There is frequently no vaccine for these pandemics, and people have little or no immunity for the illness. Many health experts say the question is not if, but when, the next pandemic will occur.

A pandemic may come and go in waves, each of which can last for six to eight weeks. An especially severe pandemic could lead to high levels of illness, death, social disruption, and economic loss.

The recent Ebola concerns bring back similar concerns from the H5N1 flu a couple of years ago. While it is very unlikely that the Ebola virus will affect any credit union, it does provide a visible opportunity to review the policies and procedures that need to be in place, just in case.

The Pandemic topic in the Business Continuity Channel can help prepare the credit union.

Disaster Recovery

The National Credit Union Administration (NCUA) expects all federally insured credit unions to have a comprehensive contingency plan that is regularly tested. This presentation provides the information your credit union's needs for a Disaster Preparedness and Recovery Plan. [Click here for the video.](#)



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

- President Obama Signs Executive Order to Promote Data Security
- CUNA Seeks at Least 60 days for Comments When Revised RBC Proposal is Issued
- CUNA Continues to Participate on Payment Security Task Force to Focus on EMV Implementation
- NCUA Issues Accounting Bulletin on TDR Loans
- CFPB Issues Proposed Policy on No-Action Letters
- CUNA Continues to Seek Comments on HMDA Proposed Rule
- CFPB Releases Annual Report on Student Loans
- Corporate CU Proposed Rule on October NCUA Meeting Agenda

Be sure to visit our new [Risk-Based Capital blog](#) for the latest from CUNA staff and guest bloggers

Advocacy Highlight

CUNA Continues to Seek Comments on HMDA Proposed Rule

CUNA is continuing to speak with credit unions and leagues on the CFPB's proposed rule regarding the Home Mortgage Disclosure Act (HMDA), and welcomes additional comments. The deadline for submitting comments to the CFPB is October 29. Last week, CUNA staff participated on separate

protection afforded to lenders may be limited to those lenders that offer certain loan modification options.

"Providing incentives for market participants to encourage student loan borrowers to successfully repay and avoid default can also help to ensure that these borrowers will be able to fully participate in the economy even if they encountered economic challenges early in their working lives," reads the report.

The bureau also recommended that it be determined whether lenders and service providers are providing adequate and timely disclosures about repayment options, particularly in times of financial hardship.

Source: CUNA News Now

FIs Can Post Privacy Notices Online Under New CFPB Rule

A rule allowing financial institutions that meet certain requirements to post annual privacy notices online has been finalized by the Consumer Financial Protection Bureau (CFPB).

The Gramm-Leach-Bliley Act (GLBA) requires financial institutions to send annual privacy notices to customers, describing whether and how it shares consumers' nonpublic personal information. If the institution does share this information, it must notify consumers of their right to opt out and inform them how to do so.

Under the CFPB's new rule, requirements that allow financial institutions to post privacy notices online include:

- The financial institution does not share data in ways that would trigger consumers' opt-out rights;
- Consumers are informed annually about the availability of the disclosures; and
- A notice is included on a regular consumer communication, such as a monthly billing statement for a credit card, letting consumers know that the annual privacy notice is available online and in paper format by request at a provided telephone number.

If an institution chooses not to use the new disclosure method, it will need to continue to deliver annual privacy notices to its customers using other delivery methods.

The new rule applies to all financial institutions within the CFPB's jurisdiction under the GLBA. Institutions that choose to rely on this new method of delivering privacy notices will be required to use the model disclosure form developed by federal regulatory agencies in 2009.

The rule is effective upon publication in the *Federal Register*.

Source: CUNA News Now

NEW: Federal Regulators Approve Final QRM Rule

Federal regulators have approved a final qualified residential mortgage (QRM) rule, which requires investment banks to hold at least 5% of a loan's risk on their books when securitizing loans unless the loans meet the definition of a QRM. The rule also more closely aligns the definition of QRM with the Consumer Financial Protection Bureau's (CFPB) qualified mortgage (QM) definition, an alignment for which the Credit Union National Association strongly advocated.

"CUNA has advocated strongly for the important step of aligning the Qualified Residential Mortgage with the existing Qualified Mortgage definition," said Mary Dunn, CUNA's deputy general counsel and senior vice president. "Doing so encourages lenders to work with creditworthy borrowers to make home loans that will continue to drive the country and our economy forward."

Thomas Curry, Comptroller of the Currency, said the rule is an important milestone.

"The rule we are approving today will require lenders to retain some of the risk for the loans that go into securitized pools except for home mortgages that meet the standards necessary under the qualified residential mortgage, or QRM, exception," he said. "Under this rule, QRM is equivalent to QM, that is, the qualified mortgage rule approved by the Consumer Financial Protection Bureau."

Federal Housing Finance Agency (FHFA) Director Mel Watt called it "a major step forward" to providing certainty to the housing market.

conference calls with both credit unions and the Small Business Administration's Office of Advocacy to discuss concerns with the CFPB's proposal.

Among other things, the concerns from credit unions and others include the overreach of the CFPB in requiring additional data points that are beyond the Congressional mandate of the Dodd-Frank Act, the inclusion of home equity lines of credit (HELOCs) for HMDA reporting purposes, and the extremely low proposed reporting threshold of 25 covered loans, excluding HELOCs, in the preceding calendar year. Leagues and credit unions should continue to send their comment letters as well as comments on the proposed rule to [Jared Ibrig](#), CUNA's Associate General Counsel for Regulatory Advocacy. Click [here](#) for CUNA's Regulatory Call to Action.

CFPB Issues Proposed Policy on No-Action Letters

Last week, the CFPB issued a [proposed policy](#) on no-action letters, and is accepting comments until December 15. In specifying the purposes, objectives, and functions of the CFPB in section 1021 of the Dodd-Frank Act, Congress authorized the CFPB to "exercise its authorities for the purpose of ensuring that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation." In line with the CFPB's authority, it is proposing a policy under which CFPB staff would issue no-action letters (NALs) to specific applicants in instances involving "innovative financial products or services that promise substantial consumer benefit where there is substantial uncertainty" whether, or how, specific provisions of statutes or CFPB regulations would be applied.

As proposed, a NAL would advise the recipient that the staff does not presently intend to recommend an enforcement or supervisory action against the requester with respect to a specified matter.

Further, NALs would be:

- Subject to modification or revocation at any time in the sole discretion of the staff, and may be conditioned on particular undertakings by the applicant with respect to product or service usage and data-sharing with the CFPB;
- Publicly disclosed; and
- Non-binding on the CFPB, courts, or other regulators or parties in litigation.



[2014 Compliance Calendar](#)

[October 17](#)

- [Master Card Limitation of Liability Change](#)

[October 24](#)

- [5300 Call Report Due to NCUA](#)

[October 31](#)

- [Credit Card Qtrly Agreement Submission Due to](#)

[CFPB \(10,000 or more open credit card accounts\)](#)

"Aligning the qualified residential mortgage standard with the existing qualified mortgage definition also means more clarity for lenders and encourages safe and sound lending to creditworthy borrowers," he said.

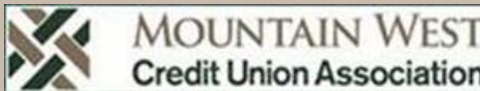
CUNA supported aligning the definition of a QRM more closely with the definition of a QM in commenting on the proposal last year. However, CUNA does not support the 43% debt-to-income ratio a borrower must meet for a QM.

The rule also states that regulators will review the QRM standards in four years.

"By then, we should have enough experience with the standards to know whether they strike the right balance between long-term financial stability and the home-financing needs of American families, and we can adjust them if necessary," Curry said.

The [joint rule](#) was proposed by the Federal Reserve Board, Federal Deposit Insurance Corp., U.S. Department of Housing and Urban Development, FHFA, Office of the Comptroller of the Currency and the Securities and Exchange Commission.

Source: CUNA News Now



[Training & Events Calendar](#)

October 29

Webinar: [Social Media Update: Facebook, LinkedIn, YouTube and Twitter](#)

November 4 – 6

[Regulatory Compliance School - Phoenix](#)

November 19

Webinar: [Robbery Preparedness for All Staff](#)

November 25

Webinar: [Ability to Repay & Qualified Mortgages: Lessons Learned the Hard Way & 2015 Changes](#)

CUNA Schools and Webinars

October 26 – 29

[CUNA Bank Secrecy Act Conference, Las Vegas, NV](#)

November 7

[Information & Technology Compliance eSchool](#)

November 2

• [Daylight Savings Time Ends](#)

November 11

• [Veterans' Day – Federal Holiday](#)

November 27

• [Thanksgiving Day – Federal Holiday](#)

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](#)

2014 CUNA Comment Calls - Due Dates on Proposed Rules

October 1, 2014~NCUA

[Fixed Assets](#)

October 13, 2014~NACHA

[NACHA Compliance & Operational Topics](#)

October 15, 2014~CFPB

[Proposed Regulation on HMDA \(Reg C\)](#)

November 7, 2014~DOD

[Proposed Rule Re Military Lending Act](#)

December 1, 2014~CFPB

[Policy on No Action Letters](#)

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

Sign up to receive Regulatory Compliance News by sending an email to [Donna Gibbs](#)