



February 28, 2014



Our compliance partners at NeighborBench have changed their name to [AffirmX](#)

Enhancements have been made to this cloud-based, near real-time solution that identifies 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. Imagine staying current with your consumer regulatory compliance risks in one easy-to-read dashboard depiction that saves you time and money. Provide staff the tools they need to efficiently manage consumer compliance and still have time to serve members!

If a full suite of compliance risk assessments isn't the answer for you, let AffirmX provide your required independent tests and audits for less than you are paying now. AffirmX will bundle your annual BSA, ACH, SAFE Act, and Website compliance review for one low price.

For more information about our full-suite of compliance services or the [Basic Annual Compliance Audits](#), contact Melia Heimbeck at: mheimbeck@mwcu.com or (720) 479-3325 or 1 (800) 477-1697 ext. 3325

Compliance News

CFPB Takes Action Against Mortgage Lender for Illegal Payments

The Consumer Financial Protection Bureau ordered a Connecticut mortgage lender, 1st Alliance Lending, LLC (First Alliance), to pay an \$83,000 civil money penalty for violating federal law by illegally splitting real estate settlement fees. First Alliance self-reported these violations to the Bureau, admitted liability, and provided information related to the conduct of other actors that has facilitated other enforcement investigations.

"These types of illegal payments can harm consumers by driving up the costs of mortgage settlements," said CFPB Director Richard Cordray. "The Bureau will use its enforcement authority to ensure that these types of practices are halted. We will, however, also continue to take into account the self-reporting and cooperation of companies in determining how to resolve such matters."

First Alliance is a mortgage lender in East Hartford, Conn. that focuses primarily on providing loss-mitigation financing to distressed borrowers. First Alliance obtains

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Highlight - Facebook Security

Social networking sites, such as Facebook, are popular—and it is likely that some of your employees use them. While your employees probably are not using these sites at work, it is worth examining the downfalls of such sites. For example, if an employee identifies his or her workplace on Facebook, then his or her comments can be seen as a reflection on your organization.

Primarily Facebook is a business and

troubled mortgages from mortgage servicers, and reaches out to consumers to offer them new loans with reduced principal amounts under federally related mortgage programs.

First Alliance started using a hedge fund to finance its loans in 2010. Under this arrangement, First Alliance split revenues and fees with affiliates of the hedge fund. In 2011, First Alliance secured less costly financing and ended its arrangement with the hedge fund and its affiliates. Although the hedge fund and its affiliates no longer financed First Alliance's mortgages, First Alliance continued to split origination and loss-mitigation fees with them. The hedge-fund affiliates received payments from 83 First Alliance loans made between August 2011 and April 2012.

In 2013, First Alliance reported to the Bureau that it believed it had violated the Real Estate Settlement Procedures Act (RESPA) by paying these unearned fees. RESPA bans a person from paying or receiving a portion or split of a fee that has not been earned in connection with a real estate settlement. First Alliance cooperated with the Bureau's investigation, and the Bureau concluded that First Alliance's payments to the hedge fund and its affiliates had violated RESPA. First Alliance's self-reporting and cooperation, consistent with the Bureau's Responsible Business Conduct bulletin published on June 25, 2013, were taken into account in resolving this matter.

Under the terms of today's consent order, First Alliance is required to pay a civil money penalty of \$83,000 to the Bureau and agrees not to violate RESPA in the future. The Bureau will continue to enforce RESPA's provisions to protect consumers and to deter unlawful activity.

A copy of the Bureau's consent order is available here:
http://www.consumerfinance.gov/f/201402_cfpb_consent-order_first-alliance.pdf

Source: CFPB

CUNA Video: How to Write a Good Risk-Based Capital Comment Letter

The Credit Union National Association is planning to tackle the issues presented by the proposed risk-based capital changes from all angles, and CUNA Deputy General Counsel Mary Dunn outlines how credit unions can help this effort by writing an effective comment letter on this issue in the latest *Inside Exchange* video.

The risk-based capital proposal, released at the January open board meeting, would restructure the agency's current prompt corrective action regulation to include calculation of a capital-to-risk-assets ratio, analogous to Basel III for community banks. The risk weights would be substantially different, and the proposal would impose higher capital requirements for credit unions with higher concentrations of assets in real estate loans, member business loans, longer term investments and some other assets.

The proposal would apply to credit unions with assets of more than \$50 million.

CUNA has developed a new Risk-Based Capital Action Center tool to help credit unions file comment letters with the agency, and the NCUA will also touch on risk-based capital rules in a series of town hall meetings scheduled for the summer.

CUNA President/CEO Bill Cheney also discussed the need for credit union action on the proposal in this week's edition of *The Cheney Report*.

For the *Inside Exchange* video, and use these links. [Inside Exchange](#) [The Cheney Report](#)

Source: CUNA

Internet Domain Name Just For CUs is On Its Way

its job is to make money. Web security experts believe most users of this social networking site have no idea how their activities on the site are being used in the marketplace.

The Facebook Security topic on the Security channel of InfoSight examines the pitfalls of Facebook, including:

- Users' information is being shared with third parties.
- Facebook ads may contain malware.
- Scammers are creating fake profiles.

Review the Facebook Security to read about these and other pitfalls—and learn some actions you and your colleagues can take to keep your information safe.

Compliance Video

[CU Compliance Connection: Field of Membership](#)

In conjunction with InfoSight topics this presentation will focus on credit unions fields of membership. As the credit union movement grows stronger every day, credit unions continue to research new ways to serve their members and to grow their field of membership.

Advocacy Highlight

CFPB Announces HMDA Proposals Under Consideration

Recently, the CFPB announced that it will convene a Small Business Regulatory Enforcement Fairness Act (SBREFA) panel in connection with its rulemaking efforts regarding the Home Mortgage Disclosure Act (HMDA). Under the Dodd-Frank Act, several new data elements will be required to be reported for HMDA purposes. The new data elements required include information concerning:

- Total points and fees and rate spreads for all loans;
- Teaser rates, prepayment penalties, and nonamortizing loan features;
- Lender information, including a

A new Internet domain name just for credit unions, .creditunion (dot credit union), is just about a reality.

The Internet Corporation for Names and Numbers (ICANN) has notified the Credit Union National Association that the domain name has been approved--and there are just a few more steps to take before it becomes available for credit unions' use.

Back in 2011, ICANN announced it would significantly broaden the number of approved top-level domain names beyond the limited number in use, such as .com, .org, .gov, .edu, and.coop. CUNA submitted a .creditunion application on behalf of the credit union movement.

After this notice of approval, explains CUNA General Counsel Eric Richard, the next step is for CUNA to negotiate a contract with ICANN and CUNA's designated registrar company.

"People are not just using dot-com domains anymore," says Richard, "This influx of new domain names could change the way people use the internet, and credit unions are evolving with the new digital landscape."

As Richard further notes, the new top level domain is beneficial both as a marketing opportunity and a tool for enhanced security.

"This new domain will be an excellent tool for marketing as well as an opportunity to establish legitimacy and online security. In the wrong hands a 'creditunion' domain could allow someone intent on committing fraud to do so from a seemingly legitimate platform.

"That is why CUNA will only allow credit union entities to obtain a ".creditunion" extension. As the largest national trade group for credit unions, we felt it important to secure the domain," Richard explains.

CUNA has nine months to take that next step and Richard predicted Wednesday that CUNA would likely make full use of that timeframe before completing the step.

But in nine months? Credit unions may see the arrival of a new domain name that looks a lot like them.

Source: CUNA



MOUNTAIN WEST
Credit Union Association

[Training & Events Calendar](#)

Telephone Trainings



[View List of March Telephone Training Sessions](#)

Bank Secrecy Act School

The Bank Secrecy Act School will be taking place in two locations this Spring. Select the location that is nearest you to register and learn more about the program.

[Bank Secrecy Act School: Phoenix, AZ: March 6, 2014](#)

unique identifier for the loan officer and the loan;

- Property value and improved property location information; and
- Borrowers' age and credit scores.

In addition to these data elements required by law, the CFPB is considering additional data elements as part of the HMDA rulemaking process that are not required by the Dodd-Frank Act. These additional data points would include:

- Mandatory reporting of denial reasons;
- Debt-to-income ratios of the borrower;
- Qualified mortgage status of a loan;
- Combined loan-to-value ratios of the borrower;
- Automated underwriting system results;
- Total origination charges;
- Total discount points;
- Risk-adjusted, pre-discounted interest rate;
- Base interest rate of the loan;
- Whether the property is deed restricted for affordable housing; and
- Manufactured housing data.

The SBREFA panel will convene in early March, and CUNA is working with credit union participants that have been selected for the SBREFA panel to further analyze and voice credit unions' concerns regarding the proposals under consideration by the CFPB in this area. While a proposed rule has not yet been issued, CUNA will be working to inform the CFPB about the regulatory reporting burdens that these proposed data elements will have on credit unions subject to HMDA reporting requirements. For a fact sheet on the data elements the CFPB is considering, [click here](#).

You can also view [more detailed information](#) about the proposals under consideration by the CFPB on HMDA.

Source: CUNA

[2014 Compliance Calendar](#)

[Bank Secrecy Act School: Denver, CO: May 29, 2014](#)

Consumer Lending Basics for Non-Lenders

Join us this Spring for Consumer Lending Basics for Non-Lenders. This program introduces MSRs and entry-level consumer lenders to the fundamentals of consumer lending and will take place in Phoenix, AZ and Denver, CO. For more information or to register, click on the link to choose the program nearest you.

[Arizona: Consumer Lending Basics for Non-Lenders: March 20, 2014](#)

[Colorado: Consumer Lending Basics for Non-Lenders: May 22, 2014](#)

March 3

[Webinar: Creating a Social Media Policy & Strategy That Everyone Can "Like"](#)

March 5

Networking Council

To register or obtain additional information, please contact Shay Jacobs: sjacobs@mwcua.com

March 6

[Webinar: Loan Origination in the Current Regulatory Environment: Improving Compliance, Costs & Turnaround Times](#)



To register and view the course information, [click here](#).

Mountain West CU Association Bankruptcy & Collections School

The Bankruptcy and Collections School, taking place on April 16-17 in Denver, CO, is designed to expand your knowledge of legal issues with collections and bankruptcy to keep your credit unions collection practices sound. Register for one day or both days.

Day One: April 16 - Developing and Maintaining an Effective Collections Department

Day Two: April 17 - Bankruptcy: Beyond the Basics!

CUNA Webinars

- ♦ [Asset Liability Management \(ALM\) - The Rocket Science of CUs webinar \(03-04-2014\)](#)
- ♦ [CUNA Regulatory Compliance Introduction eSchool \(2014\) \(03-04-2014\)](#)
- ♦ [NCUA Requirements and Guidance webinar \(2014\) \(03-04-2014\)](#)
- ♦ [ABCs of Collections webinar \(03-05-2014\)](#)
- ♦ [Deceased Members and Probate Matters webinar \(03-10-2014\)](#)

February 28

- ♦ [IRS Forms Due to IRS/SSA](#)

March 1

- ♦ [2013 HMDA Reports Due](#)

March 9

- ♦ [Daylight Savings Time Begins](#)

March 21

- ♦ [NACHA Operating Rule Changes](#)

March 31

- ♦ [NCUA Liquidity & Contingency Fund Plans Effective Date](#)

April 25

- ♦ [5300 Call Report Due to NCUA](#)

April 30

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

May 26

- ♦ [Memorial Day – Federal Holiday](#)

July 4

- ♦ [Independence Day – Federal Holiday](#)

July 31

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

CUNA Schools and Conferences

April 6 - 11

[CUNA Regulatory Compliance School Introduction, Hollywood, CA](#)

April 6 - 11

[CUNA Regulatory Compliance School Update, Hollywood, CA](#)

September 14 - 19

[CUNA Regulatory Compliance School Introduction, Chicago, IL](#)

♦ [CUNA CPDOnline Monthlies - General Navigation and Q and A webinar \(03-12-14\)](#)

♦ [Deposit Account Regulations webinar \(2014\) \(03-18-2014\)](#)

[Mountain West CU Association Annual Meeting Information](#) **[Fair Lending Basics for Volunteers Breakout Session at AMC](#)**

The world of Fair Lending has seen fines and the Department of Justice referrals skyrocket recently. While only a small number of credit unions have faced Fair Lending examinations, the number is increasing and expected to continue, likely resulting in additional enforcement actions. Make sure your board and committee members are up-to-speed by having them attend the [2014 Annual Meeting & Convention educational breakout session: Fair Lending Basics for Volunteers](#) where attendees will walk out with a certificate of attendance that can be provided to regulators as proof of on-going education. Visit www.mwcua.com/am for more details.

[For more information on the 2014 Mountain West CU Association Annual Meeting.](#)

[click on the Unite for Good graphic below.](#)



September 14 - 19

[CUNA Regulatory Compliance School Update](#), Chicago, IL

October 26 - 29

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

CUNA 2014 Effective Dates New and Revised Rules

March 31, 2014~NCUA

[NCUA Emergency Liquidity Rule](#)

December 31, 2015~IRS

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

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30 Days From Publication in Fed Register

[CUNA Summary of Changes between NCUAs Final and Proposed Rules on Derivatives to Mitigate Interest Rate Risk January 2014](#)

2014 CUNA Comment Calls

Due Dates on Proposed Rules

ASAP ~ NCUA

[Risk Based Capital](#)

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March 24, 2014~FRB

[2013 Regulation CC Proposal \(Check Collection and Return Rules\)](#)

Please respond to mrobey@mwcua.com with any questions or concerns regarding content of this newsletter.

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