TILA-RESPA Integrated Disclosure Rule

134
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.

Do your policies and procedures address electronic disclosure requirements?

Regulatory Compliance News

MOUNTAIN WEST Credit Union Association

March 20, 2015

Compliance News

Website Uses Logo Similar to NCUA's, Mimics Website Design and Language

The National Credit Union Administration has received reports of an online phishing scam that uses a website with a logo and a design similar to the agency's own site in an attempt to convince unwary customers to provide information or send money.

Consumers have received emails from the National Credit Union website which apparently originates in Australia and claims to offer services in the United States, Europe and the Commonwealth of Independent States. This website is not affiliated in any way with the National Credit Union Administration, a federal agency, and the emails are not from NCUA.

The emails attempt to persuade individuals to provide personal information, such as Social Security numbers, account numbers and login information, or transfer large amounts of money. Consumers should neither provide information to this website nor attempt to conduct any financial transactions through it. NCUA would not request personal or financial information in this manner. See NCUA's Privacy Policy for more information.

Consumers receiving such emails should call NCUA's Fraud Hotline toll-free at 800-827-9650 or 703-518-6550 in the Washington, D.C., area. Consumers should also contact the Internet Crime Complaint Center, a partnership between the FBI and the National White Collar Crime Center. NCUA also offers information about avoiding frauds and scams on its MyCreditUnion.gov website.

Consumers who suspect they may have become victims of identity theft should immediately contact their financial institutions and, if necessary, close existing accounts and open new ones. NCUA urges consumers also contact the three major credit bureaus—Equifax (800-525-6285), Experian (888-397-3742) and TransUnion (800-680-7289)—to request a fraud alert be placed on their credit reports.

Source: NCUA

Additional Regulatory Relief Suggested by CUNA for CFPB TILA-RESPA Proposal

CUNA has informed the Consumer Financial Protection Bureau (CFPB), in a comment letter filed Monday, that, while CUNA generally appreciates clarifications

Compliance Team

Mark Robey
Sr. VP of Regulatory Affairs
Phone: 800-477-1697, ext. 3327
Direct: 720-479-3327

Melia Heimbuck
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

AffirmX RISK INTELLIGENCE

AML/BSA Validation

Looking for some AML Validation tips? No problem! Our compliance partners at AffirmX and AdvisX will be offering a special webinar on how to optimize your AML Validation Monitoring. The webinar titled "The Four Corners of BSA AML Investigation" will be delivered by AdvisX President Ken Agle and held on April 15, 2015.

Ken will discuss the four crucial trouble spots many struggle with:

to the agency's rules, any rule changes inevitably impose a burden on financial institutions as they work to understand the impact of such changes.

The letter was sent in response to a CFPB proposed rule that would change bureau mortgage-servicing regulations that implement the Truth in Lending Act and Real Estate Settlement Procedures Act (TILA-RESPA).

"We recognize that adjustments and clarifications are inevitable when dealing with such voluminous regulations," reads the letter, signed by Luke Martone, CUNA senior director of advocacy and counsel. "However, we urge the Bureau to be cognizant of the fact that any changes and/or 'clarifications' to its rules impose a burden on entities in order to understand the impact of such revisions and to make any relevant updates to the institutions' systems or policies, as necessary."

According to CUNA, several proposed changes would ease the burden on credit unions with regard to mortgage servicing, but a number could be problematic for credit unions and other mortgage servicers.

Though CUNA is generally supportive of the proposed rule, it is recommending several improvements, including:

- Asking the CFPB to reconsider its proposed approach of expanding the scope of the successors in interest rule, which CUNA cautions "will likely cause operational challenges for servicers, particularly with regard to accurately confirming the status of a successor in interest;"
- Adding exceptions to the 120-day delinquency rule, including situations where borrowers decide to voluntarily default or walk away from the home and have advised the servicer that they no longer wish to be considered for loss-mitigation efforts;
- Clarifying the process for creditors to force-place insurance in instances where existing coverage is insufficient in amount; and
- Urging the bureau to raise the loan limit for institutions defined as "small servicers" to 10,000 mortgage loans per year, up from the proposed current 5,000.

The letter asks that the bureau work closely with CUNA, credit unions and credit union leagues as it develops rules, in order to ensure subsequent revisions or clarifications maximize regulatory relief without undermining statutory objectives.

Source: CUNA News Now

Regulators Building Tool for FI Self-Assessment of Cyber Risk, Management

Creating a cybersecurity self-assessment tool for financial intuitions is one of a number of cybersecurity priorities released by the Federal Financial Institutions Examination Council (FFIEC) Tuesday. The list was created after a pilot assessment of cybersecurity readiness was conducted at more than 500 financial institutions last year.

The pilot assessment helped the FFIEC develop areas of focus, as well as goals for the FFIEC itself going forward.

According to the report, work is currently under way on:

- A cybersecurity self-assessment tool, scheduled to be released this year to assist institutions in evaluating their inherent cybersecurity risk and their risk-management capabilities;
- Incident analysis to enhance processes for gathering, analyzing and sharing information during cyber incidents;
- Aligning, updating and testing emergency protocols to respond to system-wide cyber incidents in coordination with public-private partnerships;
- Development of training programs for the staff of FFIEC members on evolving cyberthreats and vulnerabilities;
- Updating and supplementing the FFIEC Information Technology Examination Handbook to reflect evolving cyberthreats, with a focus on risk management and oversight, threat intelligence and collaboration, cybersecurity controls, external dependency management and incident management and resilience; and
- Rules monitoring ALL suspicious activity types
- Insufficient comparison of rules to alerts
- Disconnect between rules and output
- Testing the baseline on a macro and micro bases

To see a preview of the webinar click here: http://www.riskinbox.com/risk-watch-extra/

To register for the event: http://www.advisx.com/advisx-webinar-the-four-corners-of-bsa-aml-investigation/

---

infoSight
Your Online Compliance Resource

EMV Implementation (Credit Card Security)

EMV stands for Europay, MasterCard and Visa, the developers of global standards for integrated circuit cards (IC cards or “chip cards”). Credit cards that use EMV technology have an embedded microprocessor chip instead of a magnetic strip. While magnetic strips store credit card numbers and expiration dates, which can be used to make counterfeit cards, EMV-enabled cards encrypt transaction data differently each time the card is used.

Major credit card companies are pushing merchants and financial institutions to switch to “EMV-enabled cards” by making them liable for any fraudulent charges if they haven't converted. Visa announced last year it will institute a U.S. liability shift for domestic and cross-border counterfeit card-present point-of-sale (POS) transactions, effective Oct. 1, 2015.

Timeline for Liability Shift

4.19.2013	Liability shifts to ATM owners for counterfeit and fraudulent transactions completed on MasterCard Maestro international cards used in the U.S.
10.1.2015	Liability shifts to merchants for POS card fraud (excluding fuel selling automated terminals).
10.1.2016	Liability shifts to ATM owners for fraud committed through any MasterCard debit card.
10.1.2017	Liability shifts to merchants for fraud committed through automated fuel-selling terminals.
10.1.2017	Liability shifts to ATM owners for fraudulent transactions completed on any Visa debit card.

CU Compliance Connection – CFPB Integrated Mortgage Disclosure

The CFPB Integrated Mortgage Disclosure requirements are effective August 1, 2015. To be prepared for the changes, review the disclosures requirements by watching this CU Compliance

- Building upon existing relationships with law enforcement and intelligence agencies to share information on threats and response techniques.

The FFIEC's Cybersecurity Awareness website contains more information on last year's assessment, as well as other resources for financial institutions.

Source: CUNA News Now

FinCEN Names Banca Privada d'Andorra a Foreign Financial Institution of Primary Money Laundering Concern

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) today named Banca Privada d'Andorra (BPA) as a foreign financial institution of primary money laundering concern pursuant to Section 311 of the USA PATRIOT Act and issued a related Notice of Proposed Rulemaking (NPRM). This finding and NPRM are based on information indicating that, for several years, high-level managers at BPA have knowingly facilitated transactions on behalf of third-party money launderers acting on behalf of transnational criminal organizations.

"BPA's corrupt high-level managers and weak anti-money laundering controls have made BPA an easy vehicle for third-party money launderers to funnel proceeds of organized crime, corruption, and human trafficking through the U.S. financial system," said FinCEN Director Jennifer Shasky Calvery. "Today's announcement is a critical step to address this compromised financial institution's egregious conduct and send a message that the United States will take strong measures to protect the integrity of its financial system from criminal actors."

Today's action also highlights the threat posed by third-party money launderers to financial institutions. Transnational criminal organizations often encounter obstacles in achieving direct access to financial institutions internationally and in the United States because of their illicit activities. To obtain access to financial institutions, some transnational criminal organizations use the services of third-party money launderers, including professional gatekeepers such as attorneys and accountants.

BPA's activity of primary money laundering concern occurred largely through its Andorra headquarters. BPA is one of five Andorran banks and is a subsidiary of the BPA Group, a privately-held entity. The activity involved the proceeds of organized criminals in Russia and China, foreign corruption, and other criminal activity. BPA accesses the U.S. financial system through direct correspondent accounts held at four U.S. banks, through which it has processed hundreds of millions of dollars. BPA's high level managers established financial services tailored to its third-party money launderer clients to disguise the origins of funds. In exchange, for some of these services, BPA's high-level managers accepted payments and other benefits from their criminal clients.

FinCEN has delivered to the Federal Register a notice of its finding that explains the basis for this action.

Source: FinCEN

NCUA Free Webinar – Successful Strategies for Field of Membership Expansion

Credit unions can learn more about Field of Membership (FOM) Expansion during NCUA's Office of Small Credit Union Initiatives (OSCUI) free webinar, *Successful Strategies for Field of Membership Expansion*, on Wednesday, March 25, 2015, at 2 p.m. Eastern.

Participants will learn about which FOM options have resulted in the largest increases in membership. NCUA also profile at least one credit union that successfully modified and penetrated into a new FOM.

Online registration for this free webinar is now open. Click here to register. Participants will also use this link to log into the webinar. Registrants should allow pop-ups from this website.

Connection presentation. Click here for the video.

Advocacy Highlight

CUs Lay Out FOM Rule Wish List to NCUA

Rick Metsger said last Tuesday that credit unions interested in providing insights on field-of-membership (FOM) issues should contact the NCUA or CUNA soon. He encouraged them to contact the agency through the new email address mail to: fomsuggestions@ncua.gov. Metsger, who is the vice chair of the NCUA, was addressing an early morning breakout session at CUNA's Governmental Affairs Conference.

The NCUA launched a working group earlier this year to study possible updates to FOM rules. The group is looking at three types of changes: changes the Office of Consumer Protection can consider, changes the NCUA board can undertake under current law, and changes the U.S. Congress would need to make. Matthew Biliouris, who is deputy director respectively of the NCUA's Office of Consumer Protection, told the GAC session that working group calls will start later this month and added that the agency wants to pursue an aggressive timeline.

Issues raised during the session by credit unions regarding FOM restrictions include:

- The ability to have a FOM across state lines;
- Current rules limit credit unions' ability to merge;
- Trade, industry or profession (TIP) charter should be expanded;
- Adding groups of less than 3,000 should be allowed without seeking approval, and for larger groups the process should be simplified;
- Groups added under a previous charter should still be a source of new members when a credit union converts to another charter type or merges;
- Allowing credit unions to serve areas beyond a single metropolitan statistical area; and
- Adding additional underserved areas is very difficult under current rules.

Credit union leaders also encouraged the NCUA to look at existing limits that exist in rural areas and eliminate or at least ease them. Metsger encouraged credit unions to work toward consensus on FOM issues: "We want the system to agree on what should be changed."

This week's Regulatory Advocacy Report will bring you up to speed on the following issues:

- Matz and McWatters Discuss Need for Regulatory Relief
- CUs Layout FOM Rule Wish List to NCUA
- Another Fixed Assets Proposal on March NCUA Board Agenda

Participants may submit questions in advance at WebinarQuestions@ncua.gov. The subject line of the email should read, "FOM Expansion." Participants with technical questions about accessing the webinar may email audience.support@on24.com.

NCUA's OSCUI fosters credit union development and the effective delivery of financial services for small credit unions, new credit unions and credit unions with a low-income designation.

Source: NCUA

MOUNTAIN WEST Credit Union Association

Training & Events Calendar

March 25
Webinar: TILA/RESPA Integrated Disclosure Line-by-Line – **Part 1**: Loan Estimate

April 2
Webinar: Opening Trust Accounts: Compliance, Documentation, Signing Authority & Deposit Insurance Issues

April 7 – Denver
April 9 – Phoenix
Mortgage Loan Originator Training

April 22
Webinar: TILA/RESPA Integrated Disclosure Line-by-Line – **Part 2**: Closing Disclosure

April 28
Webinar: Red Flags, Privacy & Ethical Considerations: Know Your Compliance Responsibilities

April 30
Webinar: BSA Compliance Series: Updating Your Credit Unions's BSA/AML/OFAC Risk Assessment

May 14
Webinar: Home Equity, HELOC & Second Lien Risk Management, Including Maturing HELOC Guidance

---

CUNA Schools and Webinars

April 1
Webinar: New Accounts for the Frontline – Compliance Issues to Watch For

April 12 - 17
Regulatory Compliance School – Las Vegas

May 13
Webinar: Cyber Crime - Detecting and Preventing a Corporate Account Takeover

June 1 - 18
CUNA Consumer Lending eSchool

June 1
Webinar: Basics of Consumer Lending – Part 1

June 4
Webinar: Home Equity Lending

June 8
Webinar: Basics of Consumer Lending – Part 2

June 11
Webinar: Consumer Lending Compliance 101

- Regulatory Relief the Subject of a Panel at GAC
- CUNA Raises Concerns with CFPB's Proposed Changes to its Mortgage Servicing Rules

Be sure to visit CUNA's Risk-Based Capital blog

CUNA Credit Union National Association

Compliance Calendar

March 3
- Permissible Derivatives - Effective Date

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)

May 25
- Memorial Day – Federal Holiday

CUNA Comment Calls – Due Dates on Proposed Rules

March 1, 2015~NCUA
Economic Growth and Regulatory Paperwork Reduction ACT (EGRPRA) Regulatory Review

March 8, 2015~NCUA
Risk Based Capital Proposal (RBC2)

March 9, 2015~CFPB
Safe Student Account Scorecard

March 9, 2015~CFPB
Amendments to 2013 Mortgage Rules Under RESPA/TILA

March 9, 2015~CFPB
Prepaid Accounts

March 16, 2015~CFPB
Proposal Regarding Rural and Underserved Areas

March 20, 2015~NCUA
Capital Planning and Stress Testing – Schedule Shift

May 1, 2015~NCUA
Small Entity Definition

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

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.
If you're having trouble viewing content, please check your viewer's settings.