



Compliance News

FINRA Warns of Bitcoin-Related Risks

While many have reported on the great promise that Bitcoin and other virtual currencies hold for consumers and businesses alike, buying and using digital currency such as Bitcoin carries certain risks, the Financial Industry Regulatory Authority Inc. (FINRA) warned Tuesday.

FINRA bills itself as the largest independent securities regulator in the U.S., with a central task of protecting investors by maintaining the fairness of U.S. capital markets.

"Speculative trading in Bitcoins carries significant risk. There is also the risk of fraud related to companies claiming to offer Bitcoin payment platforms and other Bitcoin-related products and services," FINRA wrote in an investor alert.

The alert reminds that:

- Digital currency such as Bitcoin is not legal tender, and businesses and individuals are not legally required to accept it as payment. If no one accepts Bitcoins, Bitcoins will become worthless, FINRA writes;
- Platforms that buy and sell Bitcoins, and digital wallets, can be hacked, costing consumers;
- Bitcoin transactions can be subject to fraud and theft;
- The account insurance and other safeguards provided by credit unions and banks are not provided to users of digital wallets;
- Bitcoin payments are irreversible, and refunds are only made if a seller decides to provide them;
- Bitcoin has been used in illegal activity, and thus, Bitcoin exchanges could be shut down by law enforcement agencies; and
- Bitcoin prices can fluctuate wildly.

Many criminals also view Bitcoin "as a chance to steal your money through old-fashioned fraud," FINRA added. Warning signs of fraud include business claims that are not backed by financial reality, FINRA said. Click for the [FINRA Release](#)

Source: CUNA News Now

March 31 is Compliance Deadline for NCUA Emergency Liquidity Rule

Compliance preparations for the National Credit Union Administration's new emergency liquidity rule must be complete by March 31, the Credit Union National Association reminds credit unions.

The liquidity rule sets up three-tiered emergency liquidity requirements for credit unions with less than \$50 million in assets, between \$50 million and \$250 million in assets, and more than \$250 million in assets.

The final rule contains asset-cap increases that were advocated by CUNA and will impact approximately 374 credit unions.

Federally insured credit unions (FICUs) with less than \$50 million in assets must maintain a basic written emergency liquidity policy but will not be required to take further action. All FICUs with assets of \$50 million or more are required to develop contingency funding plans describing how their credit union will address liquidity shortfalls in emergency situations. FICUs with assets of \$250 million or more would be required to have access to a backup federal liquidity source for emergency situations.

The NCUA has said the rule is part of a global regulatory effort to promote sound liquidity-risk management. The rule will strengthen individual credit unions and, as a result, the entire system,

Compliance Team

[Mark Robey](#)

Sr. VP of Regulatory Affairs

Phone: 800-477-1697, ext. 3327

Direct: 720-479-3327

[Melja 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](#)

Administrative Assistant

Phone: 800-477-1697, ext. 3821

Direct: 720-479-3821



On January 10, 2014, the Consumer Financial Protection Bureau announced the availability of three revised consumer publications, including an information brochure and two booklets required under the Real Estate Settlement Procedures Act (RESPA) or the Truth in Lending Act (TILA):

- What You Should Know About Home Equity Lines of Credit Brochure
- Consumer Handbook on Adjustable-Rate Mortgages (CHARM) Booklet
- Shopping for Your Home Loan: Settlement Cost Booklet

You can pre-order printed copies of the publications at:

<http://bookstore.gpo.gov/agency/224>

You can also download the publications for free from their [website](#)



Highlight

Elder Financial Exploitation

Older Americans hold a high concentration

the agency added.

The final rule does not include the Federal Home Loan Banks (FHLB) as an acceptable source of emergency liquidity, although eligible credit unions required to meet the federal source provisions would be free to borrow from a FHLB for nonemergency purposes. Without the FHLB, credit unions have two options to ensure a federal liquidity source for emergency situations: Becoming a member of the NCUA's Central Liquidity Facility (CLF) by subscribing to CLF stock or access to the Federal Reserve's discount window.

CUNA strongly supports the use of the home loan banks for liquidity.

Source: CUNA News Now

Reg Alert Updates CU ATR/QM Responsibilities, Protections

The National Credit Union Administration has reminded credit unions of the compliance responsibilities created by new Ability-to-Repay/Qualified Mortgage (ATR/QM) rules, and the protections offered to certain credit unions, in a new regulatory alert (14-RA-09).

The Consumer Financial Protection Bureau's ATR/QM rules became effective on Jan. 10, and apply to all federally insured credit unions. The rules require credit unions to assess a member's ability to repay for virtually all closed-end residential mortgage loans secured by a member's dwelling. Loans with terms that do not exactly match certain CFPB QM requirements, such as 40-year loans, or loans with points and fees exceeding the thresholds established by the rule, will not be purchased by government-sponsored enterprises.

The NCUA alert includes details on:

- Which loans are covered by the rule;
- Basic ability-to-repay requirements;
- Eight factors credit unions must consider when making an ATR determination;
- How QMs provide a safe harbor;
- The different types of QMs;
- Caps on QM points and fees;
- How QMs protect against liability;
- What makes a QM loan higher priced;
- When prepayment penalties are allowed for QM loans; and,
- What other guidance has been made available.

The agency said this latest regulatory alert supersedes and replaces 14-RA-01, released in January. The new release clarifies the points and fees limit for each loan amount threshold and types of charges included in ATR/QM calculations, the agency said. 14-RA-09 also references updated guidance for implementing the requirements of the rule, the NCUA added.

The letter also includes an updated ATR/QM small entity compliance guide, a general comparison chart of ATR and QM requirements, and a small creditor QM flowchart.

The full letter: [NCUA Reg Alert 12-RA-09](#)

Source: CUNA News Now

FinCEN Finalizes AML Regulations for Housing Government Sponsored Enterprises - Final Rule Will Aid in the Fight Against Mortgage Fraud

The Financial Crimes Enforcement Network (FinCEN) today finalized anti-money laundering (AML) regulations that will require the housing government sponsored enterprises (Housing GSEs) to develop programs for the prevention of money laundering and to file suspicious activity reports (SARs) with FinCEN. This [Final Rule](#) adopts, without significant change, all of the regulatory provisions contained in FinCEN's November 2011 [Notice of Proposed Rulemaking](#).

The Final Rule requires that the Housing GSEs (Fannie Mae, Freddie Mac, and the 12 Federal Home Loan Banks) file SARs directly with FinCEN instead of the current practice of filing less detailed reports through their regulator, the Federal Housing Finance Agency (FHFA). This will provide law enforcement and regulators with a more complete and timely national picture of suspected mortgage fraud and money laundering, as well as assist with investigations and prosecutions of significant mortgage fraud schemes. FinCEN closely coordinated this rulemaking with the FHFA, to which FinCEN is delegating responsibility for examining the Housing GSEs for compliance with the regulations.

Effective Date: This rule is effective April 28, 2014.

Compliance Date: The compliance date for [31 CFR 1030.210](#) is August 25, 2014.

Source: FinCEN

of wealth as compared to the general population. In the instances where elderly individuals experience declining cognitive or physical abilities, they may find themselves more reliant on specific individuals for their physical well-being, financial management, and social interaction.

While anyone can be a victim of a financial crime such as identity theft, embezzlement, and fraudulent schemes, certain elderly individuals may be particularly vulnerable.

Elder financial or material exploitation is defined as the illegal or improper use of an elder's funds, property, or assets. Examples include, but are not limited to, cashing an elderly person's checks without authorization or permission; forging an older person's signature; and the improper use of conservatorship, guardianship, or power of attorney.

In order to assist credit unions help their elderly members, the Elder Financial Exploitation topic is in the Security channel of InfoSight. Visit this topic to learn the signs of elder financial abuse—and what your credit union can do to protect the elderly and the vulnerable.

This topic includes links to valuable resources, including:

- BITS Fraud Protection Toolkit – Protecting the Elderly and Vulnerable from Financial Fraud and Exploitation
- CFPB Brochure – Office of Older Americans
- CFPB Financial Protection for Older Adults
- State Directory of Helplines, Hotlines, and Elder Abuse Prevention Resources

CU Compliance Video Connection: Disaster Preparedness

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. [Click here](#) for the video.



Mandatory Elder Abuse Reporting Begins on July 1st in Colorado

Effective July 1, 2014, credit union staff in Colorado are required to report all elder abuse and exploitation incidents on our

Advocacy Highlights

CUNA Seeks Feedback on NCUA's Voluntary Liquidations of Federal Credit Unions Proposed Rule

CUNA is seeking feedback from credit unions to the [Regulatory Call to Action](#) through April 21 on the National Credit Union Administration's (NCUA's) proposed rule regarding voluntary liquidations of federal credit unions (FCUs). NCUA Board Chairman Matz noted at the February 2014 NCUA Board meeting that the proposed changes to the voluntary liquidations rule are intended to modernize the rule and factor in credit union growth since 1993, which was when the rule was last updated. NCUA staff also noted there is approximately one voluntary liquidation of a federal credit union per year.

Source: CUNA

The [CUNA Regulatory Advocacy Report](#) contains information from Bill Cheney about regulatory issues that affect credit unions. You can view the current report and past reports from the archive.



[Training & Events Calendar](#)

Telephone Trainings



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

Bank Secrecy Act School

[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.

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



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!

elderly aged 70 years and older. Under the new Colorado law, failure to make a required report may result in criminal charges for those who choose not to comply with this ruling.

Find out how this law may impact you at a free conference training – ["Speak Up – It's the Law"](#) – sponsored by Denver Human Services, the Denver City Attorney and the Colorado Department of Human Services on Wednesday, June 11, 2014.

You can register at www.denvergov.org/SpeakUp



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. 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 Heimback at: mheimback@mwcua.com or (720) 479-3325 or 1 (800) 477-1697 ext. 3325

2014 Compliance Calendar

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

Archive Only

[Webinar: Interagency Guidance for Reporting Elder Financial Exploitation](#)
[Please contact Jaquetta Ward at \[jward@mwcua.com\]\(mailto:jward@mwcua.com\) to register](#)

April 1

[Webinar: Completing Flood Insurance Forms Line-by-Line: Including New Biggert-Waters Changes Effective June 1, 2014](#)

April 15

[Webinar: Mobile Device Risks & Compliance Rules: Managing Your Credit Union's BYOD & COPE Policies](#)

April 24

[Webinar: BSA Officer Duties & Update](#)

-

July 1

[Webinar: COMPLIANCE OFFICER TRAINING: Will Your AML/BSA/OFAC Program Satisfy Examiner Scrutiny?](#)

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.

CUNA Webinars

April 1

[General Operations Regulations](#)

[Doing Well by Doing Good - How Financial Counseling and Education Benefits Members and the Credit Union](#)

April 8

[Developing a Well-Rounded Financial Counseling and Education Program at Your Credit Union](#)

[Exploring Financial Counseling Models](#)

April 14

[Money Mission Demo - Online Financial Literacy Game](#)

[10 Steps to Proper Chattel Lien Reinforcement](#)

April 15

[Successful Financial Counseling and Education Programs - Best Practices](#)

CUNA Schools and Conferences

April 6 - 11

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

September 14 - 19

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

October 26 - 29

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

-

♦ [Independence Day – Federal Holiday](#)

-

July 31

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

-

September 1

♦ [Labor Day - Federal Holiday](#)

-

September 19

♦ [NACHA Operating Rules Changes](#)

CUNA 2014 Effective Dates New and Revised Rules

March 12, 2014~CFPB

[Equal Access to Justice Act Implementation Rule](#)

March 31, 2014~NCUA

[NCUA Emergency Liquidity Rule](#)

December 31, 2015~IRS

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

-

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

-

March 24, 2014~FRB

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

-

April 21, 2014~NCUA

[Voluntary Liquidations of Federal Credit Unions](#)

ASAP~NCUA

[Risk Based Capital \(RBC\)](#)

Mountain West CU Association

Annual Meeting, April 24 - 26

For more information, click on the Unite for Good graphic below.



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

Sign up to receive Regulatory Compliance News by sending an email to Deb Larrabee