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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 you have a backup plan should the vendor not fully implement the necessary changes prior to the effective date?**

## Regulatory Compliance News



**MOUNTAIN WEST**  
Credit Union Association

March 6, 2015

### Compliance News

#### NCUA Announces March 25 FOM Webinar

Credit unions looking at altering their fields of membership (FOM) can tune in to a webinar just announced by the National Credit Union Administration for March 25.

The free webinar will feature NCUA staff discussing ways reaching out to underserved communities can be incorporated into a credit union's strategic plan.

Vanessa Lowe, economic development specialist, NCUA's Office of Small Credit Union Initiatives; Ynette Gibbs, CEO, Newrizons FCU, Hoquiam, Wash.; and staff from NCUA's Office of Consumer Protection will lead the webinar.

Topics include using data to maximize membership growth and a review of the FOM Internet application.

Online [registration](#) is now open. The webinar is scheduled to begin at 2 p.m. (ET) March 25 and is scheduled to run for 90 minutes.

According to the NCUA, a closed captioned version of the webinar will be posted [online](#) within three weeks of the event.

Source: CUNA

#### FHFA Has New Rules for Selling Non-Performing Loans

Enhanced requirements for Fannie Mae and Freddie Mac to sell non-performing loans (NPLs) were announced by the Federal Housing Finance Agency (FHFA).

According to the FHFA, it approved NPL sales by Fannie and Freddie to reduce the number of severely delinquent loans held in their inventories and to transfer risk to the private sector.

"FHFA expects that with these enhanced [requirements](#), NPL sales by Freddie Mac and Fannie Mae will result in more favorable outcomes for borrowers and local communities, while also reducing losses to the Enterprises and, therefore, to taxpayers," said FHFA Director Mel Watt. "Under the requirements, servicers must consider borrowers for a range of alternatives to foreclosure."

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According to the FHFA, the requirements are expected to encourage broad participation by potential investors and provide for future publication of aggregate data about borrower outcomes.

The enhanced requirements include:

- Bidders will be required to identify their servicing partners at the time of qualification and must demonstrate a record of successful resolution of loans through alternatives to foreclosure;
- The new servicer will be required to evaluate all pre-2009 borrowers (other than those whose foreclosure sale date is imminent or whose property is vacant) for the U.S. Department of the Treasury's Making Home Affordable Programs;
- Servicers must apply resolution tactics that include evaluating borrower eligibility for a loan modification, a short sale and a deed-in-lieu of foreclosure, which must be the last option;
- Servicers are encouraged to sell properties that have gone through foreclosure and entered real estate owned status to individuals who will occupy the property as their primary residence or to nonprofits; and
- NPL buyers and servicers, including subsequent servicers, are required to report loan resolution results and borrower outcomes to the enterprises for four years after the NPL sale.

Fannie and Freddie NPL sales are generally expected to include loans that are severely delinquent, such as loans that are more than a year past due.

*Source: CUNA News Now*

### **NCUA Released 2014, 2015 HMDA Requirements Guidance**

Guidance on Home Mortgage Disclosure Act (HMDA) data for 2014 and 2015 has been issued by the National Credit Union Administration. HMDA, which falls under the authority of the Consumer Financial Protection Bureau, requires lending institutions to report public loan data.

Credit unions subject to HMDA requirements in [2014](#) were required to submit loan/application register (LAR) data to the Federal Reserve board no later than March 2. Credit unions located in metropolitan areas that engage in certain types of residential lending that had more than \$43 million in assets as of Dec. 31, 2013, must submit this data.

According to the NCUA, it will be provided a list of credit unions that did not submit the required data by March 2, and those institutions could be subject to civil money penalties.

Credit unions must collect HMDA data associated with mortgage loan applications processed during [2015](#) if they meet the following criteria:

- Total assets exceeding \$44 million, as of Dec. 31, 2014;
- Existence of a home or branch office in a Metropolitan Statistical Area on Dec. 31, 2014; and
- During 2014, the credit union originated at least one home purchase loan (other than temporary financing such as a construction loan) or refinanced a home purchase loan, secured by a first lien on a one-to-four-family dwelling.

Credit unions that do not meet all three criteria are exempt from filing HMDA data for calendar year 2015.

Data collected by credit unions in 2015 is due to the Federal Reserve Board March 1, 2016.

*Source: CUNA News Now*

### **FinCEN Fines Pennsylvania Bank for Failing to Report Suspicious Activity**

After the bank admitted it failed to file suspicious activity reports on transactions involving illicit proceeds from a judicial corruption scheme, the Financial Crimes Enforcement Network (FinCEN) assessed a \$1.5 million [civil money penalty](#) against

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### **Ability to Repay**

A page addressing the new Ability to Repay (ATR) loan requirements is available on League InfoSight. Among the information provided in the topic are the eight required factors for ATR, which are:

- Current or reasonably expected income or assets that the member relies on to repay the loan (other than the value of the property that secures the loan);
- Current employment status;
- Monthly mortgage payment of the loan under consideration;
- Monthly payment on other simultaneous loans secured by the same property;
- Monthly payments for mortgage related obligations that could include (but is not limited to) property taxes, insurance, and homeowners association fees;
- Debts, alimony, and/or child support obligations;
- Monthly debt-to-income ratio and/or monthly residual income, calculated using the total of all of the mortgage and non-mortgage obligations as a ratio of gross monthly income; AND
- The member's credit history

### **CU Compliance Connection – Escrow Disclosures**

As a part of the integrated mortgage requirements from the CFPB, an Escrow Closing Disclosure must also be provided to members prior to their escrow account being closed. For a review of the disclosures and provision requirements please attend this CU Compliance Connection presentation. Click [here](#) for video.

### **Advocacy Highlight**

#### **CFPB May Temporarily Suspend Credit Card Agreement Submissions**

Credit card issuers could see a reduced burden for one year under a Consumer Financial Protection Bureau (CFPB) proposal issued this week.

The [proposal](#) would temporarily suspend a requirement that each quarter certain credit card issuers send their agreements to the CFPB.

the First National Community Bank (FNCB) of Dunmore, PA.

FinCEN charges that FNCB "willfully" violated the Bank Secrecy Act during a corruption scheme that spanned five years.

FinCEN [reported](#) that two former Pennsylvania judges were convicted of misusing their positions as judges to profit from, among other things, sending thousands of juveniles to detention facilities in which the judges had a financial interest. Despite several red flags indicating suspicious activity, FinCEN said in a release, FNCB did not file a single suspicious activity report even after one judge's first guilty plea in the matter in 2009.

"The criminal case affected the lives of thousands of children and parents," noted FinCEN Director Jennifer Shasky Calvery. "Banks have a duty to spot suspicious activity and to report it. Law enforcement relies on this valuable information. FNCB's failure to file timely suspicious activity reports may have deprived law enforcement of information valuable for tracking millions of dollars in related corrupted funds.

*Source: CUNA News Now*

### FTC Files Complaint Against Debt Relief Scammers

A company advertising debt relief services but failing to provide them is the subject of a federal district complaint brought this week by the Federal Trade Commission (FTC).

Payday Support Center LLC, now known as PSC Administrative LCC, is alleged to have targeted consumers to resolve outstanding payday debts but provided little to no relief.

According to the [complaint](#), the defendants are alleged, starting in 2012, to have used the Internet, radio and telemarketing to target consumers with multiple debts on short-term, high-interest payday loans.

The FTC alleges that the defendants pushed consumers into enrolling in their "financial hardship program," claiming they would negotiate with the lenders to reduce consumers' payments and eliminate their debt. They advised consumers to stop making direct payments to their lenders and to pay money to the defendants instead, promising that the loans would be paid off within the next few months.

In reality, the FTC alleges, the defendants provide little or no debt relief services for their clients, and their limited actions do not generally eliminate or even reduce most clients' payday loans.

In filing the complaint, the FTC is seeking to permanently stop the defendants' allegedly illegal conduct, as well as a monetary judgment for refunds to return to consumers defrauded by the operation.

*Source: CUNA News Now*

Credit card issuers' submissions that would otherwise be due to the bureau by April 30, July 31 and Oct. 31 of 2015, and Jan. 31, 2016, would be suspended. Issuers would resume submitting credit card agreements on a quarterly basis starting April 30, 2016.

The CFPB intends to develop an automated electronic submission system, meant to be easier than the current manual submission system.

The 2009 Credit Cards Accountability, Responsibility and Disclosure Act required credit card issuers to post consumer agreements on their websites, as well as submit them to the CFPB. The bureau maintains a public database on its website.

The CFPB is accepting [comments](#) until March 13 on whether the one-year period should start as soon as a final rule is published in the *Federal Register*, or whether a later effective date is more appropriate. Comments are not being accepted on a potential new submission system.

### RBC2 Comment Deadline for CUNA

CUNA's [comment](#) deadline is March 8<sup>th</sup> for the revised risk-based capital plan proposed January 15<sup>th</sup> 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*.



### [Training & Events Calendar](#)

#### March 12

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

#### March 18

Webinar: [Flood Insurance Compliance Review & Update](#)

#### March 25

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



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

- Federal Bank Regulators Issue EGRPRA Notice
- CUNA Endorses Applicants to CFPB's Advisory Councils
- CFPB Proposes to Temporarily Suspend Submissions of Credit Card Agreements
- Financial Accounting Foundation Seeks Input on Effectiveness of Private Company Council

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

## March 26 – 28

Mountain West 2015 Annual Meeting & Convention - Phoenix:  
[www.mwcua.com/am](http://www.mwcua.com/am)

## 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

### March 11

Webinar: [Recognizing Financial Elder Abuse for the Frontline](#)

### 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](#)



## Compliance Calendar

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

### 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](#)

## 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](#).

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