

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

April 1, 2016

Compliance News

CFPB Issues Advisory on Preventing Elder Abuse

The CFPB has issued an [advisory](#) and a report with [recommendations for banks and credit unions](#) on how to prevent, recognize, report, and respond to financial exploitation of older Americans. Financial exploitation, the illegal or improper use of a person's funds, property or assets, is the most common form of elder abuse and costs seniors billions of dollars per year. The Bureau Blog also featured an [article](#) with tips for consumers on how to work with their financial institutions to protect themselves from financial abuse. Prepared [remarks from Directory Cordray](#) regarding elder financial abuse were also released.

Source: CFPB

CFPB Issues Interim Rule that Broadens the Definition of "Small Creditor" Under Reg. Z

On 3/22/16, the CFPB issued an interim final rule, effective March 31, 2016, to amend certain provisions of Regulation Z in light of Title LXXXIX of the FAST Act called the Helping Expand Lending Practices in Rural Communities Act, which was enacted in December 2015. That Act broadened the class of creditors that may be eligible under TILA for provisions that relieve burden for small, rural creditors and also requires the Bureau to establish a process under which a person may apply to have an area designated as "rural" by the Bureau. The new interim final rule addresses the Act's amendments to TILA and amends the definition of "rural area" for purposes of the application process.

Specifically, the interim rule amends § 1026.35(b)(2)(iv)(A), which sets forth the rule for determining whether an area is "rural" for the purposes of Regulation Z, by inserting a reference to any areas designated as rural through the application process mandated by the Act.

Additionally, the interim rule also changes the eligibility of certain small creditors that operate in rural or underserved areas to qualify for an exemption that will allow them to (1) originate balloon-payment qualified mortgages, (2) originate high-cost mortgages with balloon payments and (3) to be exempt from establishing escrow accounts for higher-priced mortgages (HPMLs).

This is a huge victory for credit unions and will provide more credit unions the flexibility to offer balloon payment qualified mortgages. Under the current rule, a credit union would have to demonstrate that over 50% of its total first-lien covered transactions are in counties deemed to be "rural" or "underserved" in order to qualify for the QM balloon loan exceptions and exemption from escrow requirements for HPMLs. Now, after March 31, 2016 when the interim rule goes into effect, a credit union only needs one

Your Credit Union's Regulatory Compliance Support Staff

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

Coordinator Association Services/Compliance

Phone: 800-477-1697, ext. 3281

Direct: 720-479-3281

Association Compliance Forums

Click on one of the below links to subscribe

[Compliance Forum](#)

[BSA Compliance Officer Forum](#)

Please provide the subscriber's name, credit union, title and email address. The subscriber will receive a welcome e-mail that details how to access the forum.



Reduce compliance worries!

Effectively manage compliance risks and have more time to serve members. Adding the AffirmX team of experts and risk-based dashboard gives you a near-real time compliance picture that verifies compliance or allows you to create solutions to potential problems. AffirmX is the leading cloud-based compliance solution that combines call-report data, onsite visits, and document review for all areas of regulatory compliance, including Advertising, BSA, Deposits,

transaction in a rural or underserved area to be eligible for the small creditor exemption.

For more information, see the interim final rule [here](#). CUNA is pleased to see the CFPB issue a rule that will provide greater flexibility for credit unions and other small financial institutions, but we hope the CFPB will do more to exempt credit unions from the compliance burden of regulations that were intended for large banks.

Source: CUNA/CFPB

CFPB Posts Archive of TRID Construction Loans Webinar

The Consumer Financial Protection Bureau has posted a [recording of its recent webinar](#) on TRID compliance for construction lending, and updated the [Question Index](#) covering the questions addressed during the ongoing series of webinars on TRID implementation.

Bureau Schedules Another TRID Q&A Webinar

The CFPB will present a 60-minute webinar using the Federal Reserve's Outlook Live portal on Tuesday, April 12, at 2 p.m. EDT. The presentation will answer some frequently asked questions on the TRID rule. The webinar will address specific questions that various stakeholders have raised to the Consumer Financial Protection Bureau related to the interpretation and implementation of the rule's requirements. In particular, this session will cover questions that have been raised since the rule took effect on October 3, 2015. [Online registration](#) for the event is now available.

Source: CFPB

NCUA Report Discusses Modernized Business Lending Rule

The March 2016 issue of [The NCUA Report](#) examines the key aspects of the NCUA's modernized member business lending rule, and how the change from prescriptive limits to principles-based regulation will provide credit unions greater measures of regulatory relief and flexibility.

Source: NCUA

CUNA CompNote Final Rule Analysis for NCUA's MBL Rule

As CUNA previously reported, the final member business loan (MBL) rule was published in the Federal Register last week and the new rule completely overhauls NCUA's MBL regulation. CUNA has posted a CompNote Final Rule Analysis in the Compliance Resources section of [cuna.org](#) (also available [here](#)) to help you understand the significant changes and provisions that will affect your credit union's member business lending.

Key changes in the new rule include:

- Giving credit union loan officers the ability, under certain circumstances, to not require a personal guarantee (effective May 2016);
- Replacing explicit loan-to-value limits with the principle of appropriate collateral and eliminating the need for a waiver;
- Lifting limits on construction and development loans;
- Exempting credit unions with assets under \$250 million and small commercial loan portfolios from certain requirements; and
- Affirming that non-member loan participations do not count against the statutory member-business lending cap.

For more information, be sure to check out the [CompNote](#) so your credit union can get ready for these changes well ahead of the January 1, 2017 effective date!

Lending, and Operations.

If a full suite of compliance services is not what you are looking for, we now offer self-assessment tools, individual loan reviews, and a basic annual compliance package that includes ACH, BSA, SAFE Act, and Website compliance.

For more information about our compliance services, please contact Melia Heimbeck at: mheimbeck@mwcua.com or (720) 479-3325 or 1 (800) 477-1697 ext. 3325



InfoSight Highlight

Elder Financial Exploitation

According to the National Center on Elder Abuse (NCEA), signs and symptoms of financial or material exploitation include but are not limited to:

- Sudden changes in bank account or banking practice, including an unexplained withdrawal of large sums of money by a person accompanying the elder;
- The inclusion of additional names on an elder's bank signature card;
- Unauthorized withdrawal of the elder's funds using the elder's ATM card;
- Abrupt changes in a will or other financial documents;
- Unexplained disappearance of funds or valuable possessions;
- Substandard care being provided or bills unpaid despite the availability of adequate financial resources;
- Discovery of an elder's signature being forged for financial transactions or for the titles of his/her possessions;
- Sudden appearance of previously uninvolved relatives claiming their rights to an elder's affairs and possessions;
- Unexplained sudden transfer of assets to a family member or someone outside the family;
- The provision of services that are not necessary; and
- An elder's report of financial exploitation.

InfoSight ([AZ](#), [CO](#), [WY](#))

CU Compliance Connection – Compliance Outlook for Q1 2016 & Q4 2015 Review

In this newly released video, Glory LeDu, Manager of League System Relations, discusses the Compliance outlook for the 1st quarter of 2016 and gives us a review of the 4th quarter of 2015. View the CUBE TV

Advocacy Highlight

Upcoming Congressional Hearings

Two crucial hearings will be held when Congress returns from its break

Tuesday, April 5

The Senate Banking Committee will hold a hearing entitled, "Assessing the Effects of Consumer Finance Regulations." The witnesses for this hearing will be Leonard Chanin, the author of [CUNA's legal opinion memo on CFPB's statutory exemption authority](#), and Todd Zywicki, a professor of law at George Mason University who recently participated in a breakout session on CFPB regulations at CUNA's GAC.

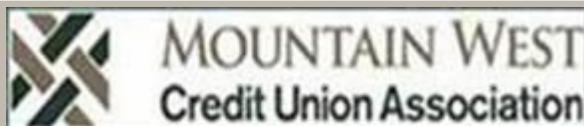
Thursday, April 7

The Senate Banking Committee will hold a hearing entitled, "the Consumer Financial Protection Bureau's Semi-Annual Report." CFPB Director Cordray will testify.

CUNA Advocacy Update

The Regulatory Advocacy Report is now combined with CUNA's Legislative Update into a comprehensive CUNA Advocacy Update. The new [Advocacy Update](#) is published at the beginning of every week, and keeps you on top of the most important changes in Washington for credit unions--and what CUNA is doing to monitor, analyze, and influence government agencies and federal law.

Prior CUNA Regulatory Advocacy Reports have been archived and are available [here](#).



[Training & Events Calendar](#)

April 5

Webinar: [New Federal Regulations Targeting Student Accounts, Including Debit & Prepaid Cards, Effective 7.1.2016](#)

April 12

Webinar: [Completing the SAR Line-by-Line](#)

April 13

Webinar: [Your Depositor Has Died: Actions to Take, Mistakes to Avoid](#)

April 25

Webinar: [Examining Complex TRID Issues, Part 1: Application Through Loan Estimate & Revised Loan Estimate](#)

April 26

Webinar: [Regulator Expectations for Risk Assessment: Policies, Procedures & Steps in Obtaining Board Approval](#)

April 28

Webinar: [ACH Rules Update](#)

May 3

[BSA Seminar - Denver](#)

video [here](#).



Compliance Calendar

April 22

- 5300 Call Report Due to NCUA

May 30

- Memorial Day – Federal Holiday

June 30

- PCI-SSL/TLS Can No Longer Be Used as a Security Control

Effective Dates

New and Revised Rules

July 1, 2016~DoEd

[Program Integrity and Improvement](#)

September 23, 2016~NACHA

[Same-day ACH \(NACHA\) – Phase 1](#)

October 3, 2016~DoD

[Limitations on Terms of Consumer Credit Extended to Service Members & Dependents](#)

January 1, 2017~CFPB

[HMDA – Regulation C](#)

September 15, 2017~NACHA

[Same-day ACH \(NACHA\) – Phase 2](#)

CUNA Comment Calls – Due Dates on Proposed Rules

March 18, 2016~FinCEN

[Changes to BSA Currency Transaction Report](#)

March 24, 2016~NCUA

[NCUA Strategic Plan 2017- 2021](#)

March 26, 2016~NCUA

[Overhead Transfer Rate Methodology](#)

March 26, 2016~NCUA

[Operating Fee Schedule](#)

[CUNA Schools and Webinars](#)

April 12

[Same Day ACH – What Does It Mean to Your Financial Institution Webinar](#)

April 14

June 8
Financial Strategies Seminar - Denver

ACH for Frontline Staff Webinar

April 20

MIP and Account Opening Webinar

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](#).

Archived Regulatory Compliance Newsletters can be accessed [here](#) or on our website www.mwcua.com – Compliance News.

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