



Compliance News

New Video Provides NCUA Answers to CUs' RBC Questions

Federally insured credit unions with questions about the National Credit Union Administration's proposed risk-based capital rule have a new resource just a click or two away: a two-part, 20-minute video released by the agency April 17, 2014.

"NCUA's risk-based capital proposal is complex, but its overall purpose is simple," NCUA Board Chairman Debbie Matz said. "This proposal has generated a great deal of discussion, and some misinformation, so we are providing the new video during the comment period to explain why a rule is necessary and how it would affect credit unions. We hope this will provide stakeholders with useful information as they evaluate the proposal."

The free video, available on NCUA's [YouTube channel](#), will help credit unions understand how and why NCUA's proposal differs from the Federal Deposit Insurance Corporation's rule and Basel III. Introduced by Chairman Matz, the video provides an in-depth review of why the rule is needed and how credit unions would fare under both the current risk-based net worth system and the proposed risk-based capital rule.

Parties interested in commenting on NCUA's proposed risk-based capital rule have until May 28 to submit letters.

The new video is another resource to help federally insured credit unions better understand how the proposed changes to NCUA's Prompt Corrective Action rule may affect their risk-based capital ratios. NCUA has posted a [Risk-Based Capital Calculator](#) on its website during the comment period to help federally insured credit unions determine how the proposed changes may affect their risk-based capital ratios. NCUA's Office of Examination and Insurance published articles in the [April 2013](#) and [May 2013 NCUA Report](#) on demystifying capital requirements for credit unions.

NCUA plans an extended phase-in period for the final risk-based capital rule to allow federally insured credit unions enough time to adjust their risk profiles or capital levels, or both, to ensure compliance with the new regulation.

Source: NCUA

CUNA Compliance Audios are Back and Even Better

Back by popular demand, Credit Union National Association compliance staff are posting new audio updates on the hottest compliance topics.

The new audio posts are broken into smaller chunks, down from their former 60 to 90 minutes, and will be posted more frequently than before when they were offered on a quarterly basis. The new format allows users to pick and choose the topics they listen to.

"We have heard from many in the credit union system over the past year requesting that CUNA's compliance staff bring back the quarterly 'Pressing Issues' conference calls, and we are really happy to do that," CUNA Federal Compliance Counsel Colleen Kelly said.

"However," she added, "many have also told us that as the unprecedented deluge of regulations continues, they rarely have 90 minutes to spare to participate on a scheduled conference call. So, in response, we are rolling out a new format."

The first editions of CUNA's newly formatted audio conference cover:

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Virtual Currency

A new topic on the Bank Secrecy Act Channel addresses the BSA requirements for 'Virtual Currency'. According to FinCEN, Virtual Currency is defined as a medium of exchange that operates like a currency in some environments, but does not have all the attributes of real currency.

The new topic addresses the definitions of Participants, details the BSA requirements, and provides links to various FinCEN updates on how to treat virtual currency.

CU Compliance Connection: 2014 First Quarter Compliance Outlook

The 2014 First Quarter Compliance Outlook reviews the compliance issues that your credit union has worked on in the first quarter of 2014, and the upcoming issues that we'll face in the second quarter of 2014. [Click here](#) for the video.

- Mortgage lending;
- The latest National Credit Union Administration developments;
- The Bank Secrecy Act and the U.S. Treasury Department's Office of Foreign Assets Control; and
- Other federal regulatory issues.

Printable handouts will also be provided as part of the CUNA programs. Short recordings on other topics will be posted in the coming months.

For the new CUNA resource, use the following links (members only):

- [Mortgage Lending Rules](#)
- [NCUA](#)
- [Bank Secrecy Act & OFAC](#)
- [Other Federal Regulatory Issues](#)

Source: CUNA News Now

CFPB Extends Remittance Rule Shield

The Consumer Financial Protection Bureau is proposing a five-year extension to an exception that minimizes for some credit unions and other financial institutions certain information reporting requirements of its international remittance transfer rule.

The proposal will be available for comments for thirty days from the date it is published in the *Federal Register*. The agency is also proposing several clarifications and technical corrections to the final rule and commentary.

Under the CFPB rule, international remittance transfer providers are generally required to give prepayment and receipt disclosures to the consumer-sender that include the exchange rate, certain fees and taxes associated with a transfer, and the amount of money that will be received on the other end of the transfer.

Remittance transfer providers will also be required to investigate disputes and correct errors. The rule has been in effect since Oct. 28.

The bureau in a release noted that the Dodd-Frank Wall Street Reform Act explicitly allows federally insured financial institutions, like banks and credit unions, to estimate third-party fees and exchange rates when providing remittance transfers to their account holders for which they cannot determine exact amounts until July 21, 2015. Insured institutions can only use this exception when they cannot determine the exact amounts for reasons beyond their control.

This exception would continue until July 21, 2020, if the proposal is adopted. The CFPB said it moved to extend the exception when institutions reported that current market conditions would make it impossible to know the exact fees and exchange rates associated with a minority of their remittance transfers.

"Without the exemption, these insured institutions report that they would be unable to send some transfers to certain parts of the world that they currently serve," the CFPB noted.

The Credit Union National Association has repeatedly called on the CFPB to use the full authority granted to it in the Dodd-Frank Act to exempt credit unions from the international remittance transfer rule and other regulations.

"When the remittance rule was finalized, several credit unions stopped offering the service to their members," CUNA President/CEO Bill Cheney wrote in a February letter to Congress.

Source: CUNA News Now

FTC Offers Free Financial Literacy Resources

Credit unions looking for new materials to enhance their focus on consumer financial literacy--now during Financial Literacy Month and beyond--can check out the Federal Trade Commission (FTC) website.

The FTC, in part charged with preventing business practices that are anticompetitive or deceptive or unfair to consumers, has information for everybody--students, young adults, parents, servicemembers on active duty, veterans or grandparents. It covers such financial topics as saving and shopping, credit and debt, buying a home or car, and looking for a job or paying for school.

In Tuesday's release, the FTC noted that all its materials are in the public domain. They can be posted, reprinted, or adapted to educate people about their consumer rights.

[FTC Fin. Lit. Resources](#)



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

2014 Compliance Calendar

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](#)

September 1

- [Labor Day - Federal Holiday](#)

September 19

- [NACHA Operating Rules Changes](#)

October 13

- [Columbus Day – Federal Holiday](#)

October 31

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

November 2

- [Daylight Savings Time Ends](#)

November 11

- [Veterans' Day – Federal Holiday](#)

CUNA 2014 Effective Dates

Source: FFIEC/NCUA

CUNA Reminds Credit Unions of Tax Form 990 Deadline

With taxes on everyone's mind today, the Credit Union National Association reminds credit unions of another looming deadline: Many credit union leagues and state-chartered credit unions must file their Internal Revenue Service Form 990 for 2013 by May 15.

Those that fail to file by May 15 risk losing their tax-exempt status. Organizations will see their federal tax exemptions automatically revoked if they have not filed reports for three consecutive years, according to the IRS.

State-chartered credit unions are required to file Form 990 with the IRS annually, although a few states still permit group 990 filings. Federal credit unions are not required to file, since they are not subject to unrelated business income taxes.

Small tax-exempt organizations with annual receipts of \$50,000 or less can file an electronic notice Form 990-N (e-Postcard). Tax-exempts with annual receipts above \$50,000 must file a Form 990 or 990-EZ, depending on their annual receipts. Filing extensions are available.

The IRS, not surprisingly, has been on a roll, putting out information that might help tax filers get the job done before the deadline falls. This one might help a lot of people today: Advice to help last-minute filers avoid common filing mistakes (see resource link).

The tax agency also offered these recently:

- Social media tools to help filers check their refund status and get the latest tax information (see resource link); and,
- Details on more than 200 new IRS investigations into identity theft and refund fraud schemes (see resource link).

[Advice to Help Last-Minute Filers](#)

[Social Media Tools to Check Refund Status](#)

[Investigations into ID Theft/Refund Fraud](#)

Source: CUNA News Now

[CFPB Finds Private Student Loan Borrowers Face "Auto-Default" When Co-Signer Dies or Goes Bankrupt](#)

Today the Consumer Financial Protection Bureau (CFPB) Student Loan Ombudsman released a report highlighting complaints of "auto-defaults" in private student lending. Borrowers report that some lenders demand immediate full repayment upon the death or bankruptcy of their loan co-signer, even when the loan is current and being paid on time. Borrowers also describe facing bureaucratic barriers to releasing co-signers from their loans, a commonly advertised benefit that could help avoid auto-defaults. To help borrowers overcome obstacles to co-signer release, today the CFPB also issued a consumer advisory and sample letters.

[Full Press Release](#)

Source: CFPB

Advocacy Highlights

CUNA Seeks Feedback on CFPB's Proposed International Remittance Transfers Rule to Extend Temporary Exception and Provide Clarifications

CUNA is seeking credit union feedback to their Regulatory Call to Action through May 12 on the CFPB's recent proposed rule to modify its international remittance transfers rule. CUNA continues to advocate to the CFPB to improve the remittance rule, including to provide a much higher exemption level for credit unions. CUNA is interested in how these proposed changes would affect the processing of international funds transfers at credit unions and their payment providers. The CFPB will accept comments for 30 days following publication in the Federal Register, which is expected shortly.

The proposed rule would extend for an additional five years a temporary provision that permits federally-insured credit unions and other depository institutions to estimate certain pricing disclosures. This temporary provision is set to expire on July 21, 2015.

To read the Executive Summary, the CFPB proposed rule and to obtain information for providing feedback, click [here](#).

Source: CUNA

Regulatory Advocacy Report

The [CUNA Regulatory Advocacy Report](#) contains information from Bill Cheney about regulatory

New and Revised Rules

June 30, 2014~NCUA

[Credit Union Service Organization](#)

December 31, 2015~IRS

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

2014 CUNA Comment Calls

Due Dates on Proposed Rules

June 9, 2014~NCUA

[Annual Regulatory Review List](#)

ASAP~NCUA

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

CUNA Spring Webinars

April 30

[Mortgage Loans in Chapter 13 – The Do-It-Yourself Guide to Bankruptcy Proofs of Claim](#)

May 1

[Minimizing the Risk of Consumer Loan Fraud](#)

[The Four Pillars of Loan Pricing - Credit Risk, Transfer Pricing, Comparative Analysis and Balance Sheet Composition](#)

May 6

[Mortgage Lending Regulations](#)

May 7

[Basic Fixed-Income Terms and Introduction to Bullet Securities](#)

May 8

[Common Mistakes and What is New in Consumer Lending Compliance](#)

May 12

[Traps and Tripwires in Reg X and the UCC](#)

May 14

[Agency Callables, Agency Step-Ups](#)

[Negotiation Skills and Tactics](#)

May 15

[OFAC – More Than a Scan](#)

[Payday Lending – The Credit Union Way](#)

May 19

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

May 21

[Mortgage-Backed Securities](#)

May 22

[The Low-Down on Private Student Loans](#)

issues that affect credit unions. You can view the current report and past reports from the archive.



MOUNTAIN WEST Credit Union Association

[Training & Events Calendar](#)

Archive Only

[Webinar: Interagency Guidance for Reporting Elder Financial Exploitation](#)

[Please contact Laquetta Ward at \[jward@mwcu.com\]\(mailto:jward@mwcu.com\) to register.](#)

May 22

[Colorado: Consumer Lending Basics for Non-Lenders](#)

May 29

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

July 1

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

May 28

[Collateralized Mortgage Obligations](#)

May 29

[The Keys to Loan Growth](#)

[CUNA Schools and Conferences](#)

August 10 - 14

[CUNA Lending Compliance School](#), Las Vegas

September 14 - 19

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

October 26 - 29

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

Please respond to mrobey@mwcu.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](mailto:Deb.Larrabee)