



Compliance News

Filing Deadline for Small-Business Health Care Tax Credit is May 15

Credit unions should be aware that the filing deadline to claim a credit for the 2013 tax year Small-Business Health Care Tax Credit is Thursday, May 15.

In December 2010, the Internal Revenue Service released guidance on how small employers may be eligible to claim the new Small-Business Health Care Tax Credit starting with the 2010 tax year. The health care tax credit was created as part of the 2010 Affordable Care Act.

Since the tax credit was introduced, only a few credit unions have taken advantage of the program. But one Northwest credit union received a check from the IRS for almost \$7,000 for the 2011 tax year.

"Almost \$7,000 from the IRS for filling out Form 8941," says Mark Freels, president and CEO of Teamsters Council #37 Federal Credit Union. "That's easy money in my book."

Debie Keesee, president and CEO of Spokane Media Federal Credit Union, would agree. "Credit unions only have to do a few parts of the 990T and fill out Form 8941. Neither form is complex and it only takes a little time," Keesee says. "We received \$1,100 back from the IRS for less than 45 minutes of time to fill out the forms. Everyone would consider that well worth the time investment."

The tax credit is available only to smaller credit unions, and credit unions must meet certain requirements to qualify. First, the credit union must pay premiums for employee health insurance coverage under a qualified plan. Second, the credit union must have fewer than 25 full-time equivalent (FTE) employees for the tax year. And third, the credit union must pay an average of less than \$50,000 per FTE.

The current maximum credit of 25 percent of insurance premiums paid (which will increase to 35 percent for the 2014 tax year) will go to credit unions with 10 or fewer FTE and average annual wages of \$25,000 or less. The calculation for the tax credit phases out as the credit unions' FTE count and average salary increase.

Both state and federal credit unions may receive the refundable tax credit. To file a claim for the credit, credit unions must complete [IRS Form 8941](#) and fill out the newly revised [Form 990-T](#), which adds line 44f.

"Based on head counts, more than 100 Northwest credit unions may qualify for this tax credit," says David Curtis, the Northwest Credit Union Association's director of compliance services. "Receiving a tax credit could go a long way when you have limited resources."

Credit unions that think they may be eligible should seek detailed information from their accountants or tax advisors. More information is also available in "Small Business Health Care Tax Credit: Detailed Analysis," which is available in the Tax Issues Channel of [InfoSight](#). The InfoSight page contains some background on the credit, an easy formula to determine if your credit union is eligible, and links to the various IRS forms.

In addition, more information on the [Small Business Health Care Tax Credit for Small Employers](#) is also available from the IRS.

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

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Investment Channel Updates

The Investment Channel has been updated with two new topics: Charitable Donation Accounts and Derivatives. Recently the NCUA has issued rules regarding both of these topics.

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.



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

Data Breaches Could Have Been Avoided: Verizon Report

A new Verizon data security report reveals that many point-of-sale (POS) breaches could be prevented by taking basic security enhancement steps. Those steps include limiting remote access to networks, using POS devices only for their intended purpose, updating antivirus software and providing two-factor identification on the perimeter of networks.

The report, released Wednesday, was compiled from data on 1,367 confirmed data breaches and 63,437 security incidents that occurred in 95 separate countries. Fifty organizations provided information for the report.

The year 2013 may be tagged as the "year of the retailer breach," but a more comprehensive assessment of the information security risk environment shows it was a year of transition from geopolitical attacks to large-scale attacks on payment card systems, Verizon said.

Through its data analysis, Verizon found that nine patterns described 92% of the confirmed data breaches cited in the report. "We find it simply astounding that nine out of 10 of all breaches observed by 50 global organizations over a full year can be described by nine distinct patterns," report author Wade Baker wrote.

The nine patterns are:

- Denial of service attacks;
- Crimeware;
- Cyber-espionage;
- Web application attacks;
- Insider misuse;
- Miscellaneous errors;
- Physical theft and loss;
- Payment card skimmers; and
- POS intrusions.

The Verizon analysis found that:

- Web app attacks accounted for 35% of breaches; and
- POS intrusions accounted for 14% of breaches.

Web app attacks will continue to compromise networks if organizations do not regularly test their network and software security, and update their computer systems, Verizon said.

"Most organizations cannot keep up with cybercrime--and the bad guys are winning," Baker wrote. "But by applying big data analytics to security risk management, we can begin to bend the curve and combat cybercrime more effectively and strategically," he added.

Overall, Baker said, "organizations need to realize no one is immune from a data breach. Compounding this issue is the fact that it is taking longer to identify compromises within an organization--often weeks or months, while penetrating an organization can take minutes or hours."

For the full Verizon report, click here [Verizon Report](#)

Source: CUNA News Now

CUNA Pressing Compliance Updates

This year's compliance concerns have hit the ground running, from a high volume of NCUA and CFPB proposals to data security and the new era of payments. In this series of updates, CUNA's compliance experts will breakdown the whirlwind of new and upcoming regulations to give listeners a concrete, straightforward analysis of today's most relevant compliance news and its significance.

[CUNA's Compliance Update - Mortgage Lending Rules](#) (22:15 minutes)

Already, the 2014 regulatory environment has created numerous mortgage lending questions for compliance professionals nationwide. During this update, you'll hear the experts in mortgage lending compliance answer some of those questions, including:

- **TILA/RESPA Integrated Disclosures:** Prepare your credit union for the upcoming RESPA Good Faith Estimate (GFE) and the "early" Truth in Lending disclosures and accompanying regulations.
- **HMDA Pre-Proposal:** Stay up to date on the CFPB's possible plans for changes to Regulation C (HMDA), including collecting data beyond what's required by the Dodd-Frank Act.
- **Flood Insurance:** Study the ramifications of the recently enacted Homeowner Flood Insurance Affordability Act of 2014 and the proposed interagency regulations that will need to be modified to reflect the escrow changes.
- **A Sampling of Recent Mortgage Questions:** Get the answers to whether a member can opt out of receiving periodic statements for closed-end mortgage loans, which key provisions in the CFPB's

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

2014 Compliance Calendar

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 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

Mortgage Lending Rules apply to HELOCs, and more.

[CUNA's Compliance Update – NCUA](#) (22:52 minutes)

The NCUA has been anything but idle lately, and chances are your credit union will be affected by one or more of the recent rules and proposals. During this update, you'll hear regulatory advice and forecasts as compliance experts address the following topics:

- **Liquidity:** Get down to the gritty details of NCUA's new regulation requiring all federally insured credit unions to have liquidity and contingency funding plans in place – in effect as of March 31.
- **Credit Union Service Organizations (CUSOs):** Learning about the upcoming NCUA-ordered CUSO contract amendments for federally insured credit unions, new requirements on CUSOs to provide "basic registration information", and the additional provisions for state chartered credit unions.
- **Risk-Based Capital Proposal:** Form an opinion on NCUA's proposed change to many of the risk-weights that now apply to asset classifications, and submit comments to NCUA by May 28, 2014.
- **Appraisals:** Assess the newly proposed rule that would implement minimum requirements for state registration and supervision of appraisal management companies (AMCs).
- **Fair Lending:** Make sure your fair lending compliance efforts meet NCUA expectations, from policies and procedures to audit, review and oversight by management and the board of directors.

[CUNA's Compliance Update – Bank Secrecy Act & OFAC](#) (16:07 minutes)

Each year, compliance under the Bank Secrecy Act (BSA) and OFAC grows more volatile and complicated. During this hot topic update, you'll hear insights and advice from the experts on the BSA's recent role in:

- **Money Service Business Accounts (MSBs):** Learn the minimum due diligence requirements your examiner will be looking for during your next exam.
- **Marijuana Dispensary Accounts:** Navigate the risky dichotomy between state and federal laws for financial institutions that want to serve marijuana dispensaries.
- **Customer Due Diligence:** Gain insight on FinCEN's "soon to be issued" customer due diligence proposal.
- **OFAC's New Foreign Sanction Evaders List:** OFAC is targeting a number of individuals and entities in several countries for evading U.S. sanctions.

[CUNA's Compliance Update – Other Federal Regulatory Issues](#) (31:54 minutes)

We know what you're thinking: What about Target? Not to worry - during this update, you'll hear the action-oriented answers to all of today's most relevant regulatory questions, such as:

- **Data Security:** Explore the compliance issues and legislative inquiries raised by recent large scale data breaches at major retailers and what should be changed to address the growing problem of point-of-sale (POS) malware attacks.
- **Foreign Account Tax Compliance Act (FATCA):** Determine whether new regulations will affect your credit union.
- **Interchange:** Get the details on the U.S. Court of Appeals' unanimous reversal of a U.S. District Court decision to rule the Fed debit card interchange rules in violation of the Durbin Amendment to the Dodd-Frank Act.
- **Payday Lending:** Analyze the payday loan report that made the CFPB consider new rules to avoid loan renewal fees amounting to higher values than the money originally borrowed.
- **CFPB Tests Model Prepaid Card Disclosures:** See what the CFPB has in store for standardizing prepaid card disclosures and general purpose reloadable (GPR) prepaid card products.

Advocacy Highlights

Capital Planning and Stress Testing

Last week, NCUA approved a final rule on capital planning and stress testing that applies to federally-insured credit unions (FICUs) with assets of \$10 billion or more (covered credit unions). The final rule will be effective 30 days after publication in the Federal Register.

Under the rule, covered credit unions are required to submit capital plans annually to NCUA. The final rule contains mandatory elements of a capital plan, which must also be commensurate with the risks and complexity of each covered credit union. Covered credit unions must conduct certain capital plan assessments over each quarter of a 3-year planning horizon. The final rule requires that covered credit unions perform reverse stress testing as part of their capital planning.

The final rule also establishes a supervisory tool for assessing covered credit unions' capital adequacy by requiring annual stress tests of their balance sheets using baseline, adverse, and severely adverse scenarios. NCUA believes agency-run stress testing is necessary for the first three years of credit union stress testing. After that period, the credit union may apply to NCUA to conduct its own stress tests, as supervised by NCUA. The final rule requires a minimum stress test capital ratio of 5%.

The agency has indicated that it will soon issue draft guidance on the capital planning and stress

May 12, 2014~CFPB

[2014 International Remittance Transfers Proposed Rule](#)

June 9, 2014~NCUA

[Annual Regulatory Review List](#)

ASAP~NCUA

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

TBD~NCUA

[Associational Common Bond and Field of Membership Requirements](#)

CUNA Webinars

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](#)

May 28

[Collateralized Mortgage Obligations](#)

May 29

[The Keys to Loan Growth](#)

June 19

[NCUA Share Insurance](#)

July 17

[3rd Party Vendors and Regulatory Compliance Demands](#)

July 18

[Marketing Compliance eSchool](#)

July 19

testing rule. The guidance will be instrumental in how NCUA applies the requirements to covered credit unions and how credit unions develop their programs. CUNA plans to weigh in on the guidance and will notify credit unions when this guidance becomes available.

Source: CUNA

Regulatory Advocacy Report

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.



MOUNTAIN WEST
Credit Union Association

[Training & Events Calendar](#)

May 6

[Webinar: Call Reports-Interpreting the Most Recent Changes](#)

May 7

[Webinar: Complex ACH Challenges for RDFIs: Exceptions, Errors & More](#)

May 22

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

May 29

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

June 18

[Webinar: Regulatory Compliance for the Frontline, Including BSA](#)

July 1

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

[Garnishments-Levies](#)

[Mortgage Lending Update](#)

July 22

[Consumer Lending Update and Fair Lending](#)

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@mwcua.com with any questions or concerns regarding content of this newsletter.

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