

## Regulatory Compliance News



**MOUNTAIN WEST**  
Credit Union Association

June 17, 2016

### Compliance News

#### NCUA Seeks Input on Modernizing Data Collection

The National Credit Union Administration has published in the *Federal Register* a notice and request for information [[81 FR 36600](#)] on ways the agency can modernize and improve two vehicles it uses to collect information for regulatory oversight of federally insured credit unions: the Call Report and Profile. The NCUA is seeking stakeholder input in several specific areas, including:

- Specific areas of the Call Report and Credit Union Profile that users find challenging;
- Sections or items that could be made optional for small or non-complex credit unions without compromising the agency's ability to assess risk in these institutions;
- Items that could be added to the reports to enhance the agency's analysis of the system's performance trends;
- Whether Call Report database fields align with a credit union's internal accounting;
- How the Call Report and Credit Union Profile could be reorganized to reduce credit unions' reporting burden; and
- Additional suggestions or ideas from credit unions for collecting financial and non-financial information.

Source: NCUA

#### CFPB eRegulations

CFPB's [eRegulations](#) is a web-based tool that makes regulations easier to find, read, and understand. The tool has been expanded to include three additional Bureau regulations. They are also updating an existing regulation to reflect changes that the Bureau has recently made.

The following regulations have been added to the website:

- [Regulation X](#): Real Estate Settlement Procedures Act
- [Regulation C](#): Home Mortgage Disclosure Act
- [Regulation DD](#): Truth in Savings Act

[Regulation Z](#) (Truth in Lending Act) has also been updated to reflect recent changes. Check out eRegulations:

[www.consumerfinance.gov/eregulations](http://www.consumerfinance.gov/eregulations).

The CFPB has also scheduled a one-hour webinar at 2 p.m. ET on Wednesday, June 22, providing an overview of the recent updates to the eRegulations tool. [Preregistration](#) is required by 5 p.m. ET on June 21.

Source: CFPB

#### Can Organizations be Trust Account Beneficiaries?

Can a member opening a trust account list an organization as a beneficiary,

### 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,

and will that beneficiary be insured by the NCUA? That question was sent to CUNA's compliance staff recently, and the answer depends on a number of factors.

Since a 2008 rule change, beneficiaries named in a revocable trust account that are natural persons, charities, or nonprofit organizations are insured separately. While this does not mean a member cannot list a for-profit organization as a beneficiary, it means additional insurance coverage won't exist and the funds in the trust account will be calculated under individual share insurance rules.

There are revocable and irrevocable trusts.

### Revocable Trusts

One type of revocable trust is typically known as "payable-on-death" accounts, where the member has designated one or more people to receive whatever funds are in the account at the time of the member/account holder's death.

The other typical revocable trust account is established because a member has created a living trust. Members may put assets in a trust during their lifetime, have full access to use these assets, and designate beneficiaries to receive any assets that remain in the living trust upon the death of the trust owner.

Funds held in a revocable trust account are insured, for each owner, up to \$250,000 for each beneficiary. This is separate from any individual accounts held by either the account holder or the beneficiary.

### Irrevocable Trusts

An irrevocable trust is established by a written trust agreement, where the grantor of the trust contributes funds and gives up all power to revoke the trust. Trust money can be put into a trust account at the credit union. Under an irrevocable trust account, the interest of each beneficiary has separate coverage up to \$250,000. Irrevocable trust accounts established for the same beneficiary by the same grantor at the credit union are added together and insured up to \$250,000 in the aggregate, separately from other accounts of the grantor or beneficiary.

### In Summary

Though federal credit unions may open trust accounts, they do not have trust powers. Some state laws may allow state-chartered credit unions to have trust powers, generally very few state-chartered credit unions exercise these powers--except through a credit union service organization. This means that while a credit union may be the account-holding institution for a trust account, it is generally not the trustee, manager, or administrator of the trust.

NCUA addresses trust accounts in [Section 745 of the rules](#) and its accompanying [Appendix](#).

*Source: CUNA Compliance Blog*

## 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

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@mwcu.com](mailto:mheimbeck@mwcu.com) or (720) 479-3325 or 1 (800) 477-1697 ext. 3325



### InfoSight Highlight

#### InfoSight Checklists

In InfoSight, there are over 70 checklists available to assist you. From Account Aggregation to Vendor Due Diligence; and including BSA and Information Security Programs, these checklists can provide reminders and questions to support your daily operations.

For example, the Appraisals Checklists includes these questions:

- Does the credit union identify which real estate-related financial transactions require the services of an appraiser?
- Does the credit union identify if the real estate-related financial transaction is considered a high priced mortgage loan under Truth in Lending?
- Does the credit union identify which categories of federally related transactions must be appraised by a state-certified appraiser and which by a state-licensed appraiser?

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

### Advocacy Highlight

#### Extended Exam Cycle Moves Forward With 2017 Implementation Likely

Last week, NCUA made some positive developments that suggest it will soon begin implementing an extended exam cycle for most credit unions with under \$1 billion in assets.

NCUA Chairman Metsger, in a [letter](#) to House Financial Services Committee Chairman Jeb Hensarling, stated that his goal was to have the extension in place for the 2017 exam cycle. Chairman Metsger also mentioned details on NCUA's ongoing process to overhaul the agency's call report and exam efforts.

In the letter, Metsger wrote, "As part of our efforts to modify the exam process, last month I proposed

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

##### **June 14**

Webinar: [Comparing Regulation E Requirements with Visa & MasterCard Rules](#)

##### **June 20**

Webinar: [Understanding FCRA Permissible Purposes in Obtaining Credit Reports](#)

##### **June 21**

Webinar: [The Growing Scope of Vendor Management: Business Continuity, Cyber Security, Contract Negotiation & More](#)

##### **June 22**

Webinar: [Product Terms Part 1 – Modifying Existing Produce Terms & Fees, Including Timing, Content & Requirements for Change-in-Terms Notices](#)

##### **June 23**

Webinar: [Legal Aspects of HELOCs: Disclosures, Advertising, Termination, Credit Line Reduction & More](#)

##### **June 29**

Webinar: [Understanding FCRA Permissible Purposes in Obtaining Credit Reports](#)

##### **June 30**

Webinar: [Compliance Officer Training – Risk Assessments, Monitoring & Testing](#)

##### **July 7**

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

##### **July 18**

Webinar: [New FFIEC Guidance on Mobile Financial Services: Evolving Delivery Channels vs. Risk Management Expectations](#)

##### **July 19**

Webinar: [Advanced Collection Concepts, Compliance & Risks](#)

##### **July 21**

Webinar: [Countdown to Same-Day ACH September 23, 2016 Deadline](#)

##### **July 26**

Webinar: [Risks & Precautions for Endorsements & Other Negotiable Instruments](#)

##### **July 28**

Webinar: [Overdraft Outlook: Litigation Lessons, Avoiding Violations & Best Practices](#)

##### **August 3**

Webinar: [Product Terms Part 2: Establishing New Product & Service](#)

removing the requirement that every federal credit union, and all federally insured, state-chartered credit unions with more than \$250 million in assets, be examined each calendar year. This prescriptive requirement creates a logjam of exams at the end of each year, which is neither effective nor efficient. My goal is to have the NCUA Board vote on this change within the next two months.”

The letter was prompted by Chairman Hensarling’s announcement last week that his Dodd-Frank reform package known as the Financial CHOICE Act would include, among many other important provisions, an 18-month exam cycle for certain credit unions.

Additionally, last week Rep. Frank Guinta introduced a standalone bill H.R. 5419, which would amend the Federal Credit Union Act to extend the NCUA’s examination cycle to 18 months.

*Source: CUNA/NCUA*

#### **NCUA Encourages Comments on Exam, Supervision Changes by Aug. 1**

Credit union stakeholders interested in the National Credit Union Administration’s efforts to modify supervision and examination procedures should submit comments by Aug. 1.

“NCUA is on a fast track to update its examination and supervision procedures, and we want the input from as many people as possible,” NCUA Board Chairman Rick Metsger said. “I have instructed the Exam Flexibility Initiative, the internal working group studying the agency’s supervision and examination process, to deliver its recommendations to the NCUA Board in September. In order for the working group to both meet its deadline and give due consideration to all suggestions, we’re asking stakeholders to get us their thoughts as soon as possible.”

View the entire press release [here](#).

*Source: NCUA*

#### **ICYMI: What’s Happening in Other States**

Credit union act modernization bills were enacted in [Michigan](#) and [Missouri](#). The Michigan legislation updates the state charter in a dozen ways, including authorizing credit unions to offer trust services through CUSOs and eliminating a cap on fixed assets for well-capitalized credit unions. The Missouri enhancement permits state-chartered credit unions to align their examination procedures with those of federally chartered credit unions.

*Source: CUNA*

## Controls

### **August 9**

Webinar: [Email Risks, Rules, Records & Regulations](#)

### **August 10**

Webinar: [Legally Handling ATM & Debit Card Claims Under Reg E](#)

### **August 23**

Webinar: [Complying with Final Military Lending Act Rule Changes Effective October 3, 2016](#)

### **August 24**

Webinar: [Auditing for BSA Compliance](#)

### **August 25**

Webinar: [Annual MLO Compliance Requirements & Auditing for SAFE Act](#)

## **NCUA Webinars**

### **NCUA to Host Webinar on Changes to Military Lending Act Regulations**

The National Credit Union Administration will host a webinar, "Preparing to Comply with Regulatory Changes to the Military Lending Act," on **Wednesday, June 29, starting at 2 p.m. Eastern.**

During this webinar, staff from NCUA's Office of Consumer Protection will provide a high-level overview of the significant changes to the regulation implementing the Military Lending Act, most of which go into effect by Oct. 3, 2016. The law now covers most non-mortgage-related consumer credit extended to active duty service members and certain dependents.

The webinar will review topics like:

- Transactions the rule covers, including credit card accounts;
- Who is covered under the rule's protections;
- How to determine who is a covered borrower; and
- How the new rule applies to NCUA's rule on payday alternative loans.

Online registration for this 90-minute webinar is now open [here](#).

Participants will use this same link to log into the webinar. Registrants should allow pop-ups from this website. There is no charge for participating in this webinar.

Prior to the webinar, participants are encouraged to review two NCUA Regulatory Alerts issued in [March 2016](#) and [October 2015](#). These alerts explain the scope of the new rules, the safe harbors available to credit unions and other details to help bring credit unions into compliance before the rule's effective date. They also provide information about the compliance resources available on NCUA's and the CFPB's websites.

Participants may submit questions in advance:

[WebinarQuestions@ncua.gov](mailto:WebinarQuestions@ncua.gov)

The subject line of the email should read, "MLA Regulatory Amendments." Participants with technical questions about accessing the webinar may email [audience.support@on24.com](mailto:audience.support@on24.com). NCUA will closed caption and then archive the webinar online [here](#) approximately three weeks following the live event.

NCUA's Office of Consumer Protection handles consumer protection compliance policy and rulemaking, chartering and field of membership, fair lending examinations, consumer complaint resolution, interagency coordination and outreach and the agency's financial literacy programs.



## **Compliance Calendar**

### **June 30**

- [PCI-SSL/TLS Can No Longer Be Used as a Security Control](#)

### **July 4**

- Independence Day – Federal Holiday

### **July 25**

- 5300 Call Report Due to NCUA

### **July 31**

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

### **September 5**

- Labor Day – Federal Holiday

### **September 23**

- [Same-day ACH \(NACHA\) – Phase 1 of the Implementation Period for the Rule](#)

### **October 3**

- [DOD Military Lending Act Regulation - Effective Date](#)

### **October 3**

- [NACHA's Network Quality Rule](#)

### **October 10**

- Columbus Day – Federal Holiday

### **October 24**

- 5300 Call Report Due to NCUA

### **October 31**

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

## **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](#)

### **January 1, 2017~NCUA**

[Member Business Loan Rule](#)

### **April 10, 2017~DOL**

## Learn about Internal Controls, Red Flags and Accounting Standards Changes

Strong internal controls and accurate accounting are essential to safe and sound credit union operations, and the National Credit Union Administration (NCUA) will host a webinar to discuss important topics in these areas.

The webinar, “Internal Controls and Accounting Tips for Small Credit Unions, Part II,” is scheduled for Wednesday, June 22, at 2 p.m. Eastern. The webinar will run approximately 90 minutes and include a 30-minute question-and-answer session. There is no charge.

Dominic Carullo, an economic development specialist with NCUA’s Office of Small Credit Union Initiatives, will moderate a panel that includes NCUA Supervision Director Scott Neat, Region IV supervision analyst Carolyn Penaluna, and Region III examiner, Kerri Piekarski. Our panel will follow up on topics discussed during part one of this series, including:

- Expected changes to the allowance for loan losses;
- Best internal control practices for small credit unions;
- Understanding grant accounting; and
- The NCUA Call Report.

Online registration is available [here](#). Participants will also use this link to log into the webinar, and they should allow pop-ups from this website.

Participants may submit questions in advance at

[WebinarQuestions@ncua.gov](mailto:WebinarQuestions@ncua.gov). The subject line of the email should read,

“Internal Controls and Accounting Part II.” Participants with technical questions about accessing the webinar may email

[audience.support@on24.com](mailto:audience.support@on24.com)

## Fiduciary

**September 15, 2017~NACHA**

Same-day ACH (NACHA) – Phase 2

## **CUNA Comment Calls – Due Dates on Proposed Rules**

**June 1, 2016~FCC**

Exemptions for the TCPA for Government Debts

**June 6, 2016~Joint Agency**

Joint Agency Rule on Incentive-Based Compensation

**June 20, 2016~NCUA**

NCUA Occupancy Rule

**July 15, 2016~NCUA**

2016 Regulatory Review

**August 12, 2016~CFPB**

Arbitration Proposal

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](http://www.mwcua.com) – Compliance News.

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