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Days until
August 1, 2015

TILA-TESPA Integrated Disclosure Rule

With one of the most sweeping regulatory changes for credit unions in decades less than two 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.

Have you begun testing the new forms from vendors with your internal systems?

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

June 19, 2015

Compliance News

NCUA, AARP Hosting Webinar on Preventing Elder Financial Abuse

Credit unions and consumers looking for help detecting, preventing and reporting elder financial abuse can get valuable information during an upcoming webinar, "Avoiding Frauds and Scams: A Primer for Older Americans," scheduled for Wednesday, June 24, beginning at 2 p.m. Eastern.

The National Credit Union Administration and AARP will host the webinar. There is no charge. During the webinar, NCUA and AARP experts will discuss:

- Examples of frauds and scams;
- Helpful prevention tips;
- Guidance about safely conducting online financial transactions; and
- Information on [AARP's Fraud Watch Network](#) initiative.

Online registration is available [here](#). Participants will also use this link to log into the webinar. Registrants should allow pop-ups from this website. The webinar will last one hour.

Participants are encouraged to submit questions in advance at moneywebinars@aarp.org. Participants with technical questions about accessing the webinar may email audience.support@on24.com.

Under a [Memorandum of Understanding](#) signed last year, NCUA and AARP are working on a series of initiatives aimed at promoting financial education and outreach, helping consumers achieve financial security and increasing access to responsible and affordable financial services.

Under the Federal Credit Union Act, promoting financial literacy is a core credit union mission. As credit unions serve the needs of their members and promote financial literacy within their communities, NCUA works to raise consumer awareness and increase access to credit union services. NCUA also participates in national financial literacy initiatives, including the Financial Literacy and Education Commission, an interagency group created by Congress to improve

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the nation's financial literacy and education.

Source: NCUA

Reminder About Retirement of Independent Data Files for the FSE List, SSI List and the NS-PLC List

As previously communicated in October of 2014, OFAC will cease issuing independent data files for the Foreign Sanctions Evaders (FSE) List, the Sectoral Sanctions Identifications (SSI) List and the Non-SDN Palestinian Legislative Council (NS-PLC) List. In response to public requests, OFAC [extended its support period](#) for the independent data files. The support period for these files will end on or about July 10, 2015.

This is part of the consolidation effort of OFAC's Non-Specially Designated Nationals Lists to reduce the number of list-related files that must be downloaded in order to maintain an automated sanctions screening program. During the transition period, OFAC will produce data on both the [Consolidated Sanctions List](#) and on the appropriate individual lists. The new Consolidated Sanctions List data files can be accessed on [this page](#). Please visit the Consolidated Sanctions List [Specification file](#) for the information about data file nomenclature, column headers and field widths.

OFAC will continue to provide and update independent human readable (.pdf and .txt) versions of the FSE, SSI, NS-PLC, Non-SDN Iran Sanctions Act List, the Part 561 lists and their respective archive of changes files. These file formats will not be affected by the creation of the consolidated data files and will continue to be available even after the transition period.

OFAC understands that this change may impact automated FSE, SSI and PLC download processes and recommends that list users take immediate steps to alter these processes to utilize the consolidated non-SDN List data files.

Source: U.S. Department of the Treasury

NCUA, Bank Regulators Issue Final Diversity Standards for FIs

The National Credit Union Administration and federal banking regulators issued their final interagency policy statement establishing joint standards for assessing diversity policies and practices of the institutions they regulate.

Required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the statement applies to those regulated by NCUA, the Federal Reserve Board, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corp., the Office of the Comptroller of the Currency, and the Securities and Exchange Commission.

Each agency was required to establish an Office of Minority and Women Inclusion (OMWI), responsible for all diversity matters in management, employment and business activities. The act also instructed that each OMWI director develop standards for assessing diversity policies and practices of the entities regulated by the agencies.

The final [standards](#) are similar to the proposed standards and provide a framework for regulated entities to create and strengthen their diversity policies and practices, the agencies said. These include their organizational commitment to diversity, workforce and employment practices, procurement and business practices, and practices promoting transparency of organizational diversity and inclusion within the entities' U.S. operations.

The agencies' assessments of regulated entities' diversity policies will not be a part of the examination or supervisory process. Instead, they will rely on a "model assessment" that would include a self-assessment by the entity. Financial institutions' self-assessments would use the proposed standards, voluntary disclosure of their assessment to the regulator, and publication of their diversity efforts to increase public awareness and understanding.

looking for, we now provide individual loan reviews and a basic annual compliance package that includes BSA, ACH, 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



Check 21

The Check Clearing for the 21st Century Act (Check 21), [Pub. L. No. 108-100](#), 117 Stat.1177, codified at 12 U.S.C. §§ 5001-5018, was signed into law on October 28, 2003, and took effect on October 28, 2004. The Act is intended to allow financial institutions to decide voluntarily to send checks electronically to each other, and to allow any financial institution that does not want to receive an electronic check to request a paper copy of the electronic check file, called a substitute check. This is to make the electronic exchange of share drafts easier by making processing of electronic checks voluntary.

Substitute Check

A substitute check is a paper copy of an electronic check file of the original share draft. It contains an image of the front and back of the original check and can be processed just like the original check. It will bear a MICR line with information from the original share draft and will conform to the industry standards for substitute checks. A substitute check must bear a legend that states, "This is a legal copy of your check. You can use it in the same way you would use the original check." A properly prepared substitute check is the legal equivalent of the original check for all purposes. A credit union does not have to create substitute checks or accept checks electronically, but it must accept a substitute check.

Credit unions are affected by these regulations because new disclosures are required and potential liability is created when members handle substitute checks. This is because the Check 21 Act includes new warranties and an indemnity that protect substitute check recipients from any losses that arise from receiving a substitute check instead of the original.

Check 21 creates two protections for consumers who receive substitute checks. These provisions affect credit unions in different ways depending on the way in which they process share drafts. The first provides a process for members to get an expedited re-credit when there is a problem with a substitute check. The second protection requires credit unions to provide notices that explain substitute checks and members' re-crediting rights.

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

CU Compliance Connection – Mortgage Amendments

View this presentation to learn about the 2015 Mortgage amendments, including an overview of monetary

The entities “are in the best position to assess their own diversity policies and practices,” the policy stated, adding that “self-assessments can provide entities with an opportunity to focus on areas of strength and weakness in their own policies and programs.” The agencies will periodically review the public information and reach out to the institutions to discuss diversity and inclusion.

Standards may be tailored and used in a manner reflective of the institution’s size and other characteristics. “The agencies recognize that each entity is unique with respect to characteristics such as its size, location, and structure,” the policy said.

The policy reflects more than 200 comments submitted on the proposed standards that were issued in 2013.

The policy indicated that the Dodd-Frank Act states the directive to develop standards may not be construed to mandate any requirement on, or otherwise affect, the lending policies and practices of the institution regulated or require specific action based on the findings of the assessment. This document is a general statement of policy under the Administrative Procedure Act, 5 U.S.C. 533. It does not create new legal obligations. Use of the standards by a regulated entity is voluntary.

“Diversity” is defined as women and minorities (Black Americans, Native Americans, Hispanic Americans and Asian Americans). The policy does not preclude an entity from using a broader definition related to the standards.

“Inclusion” is defined as “a process to create and maintain a positive work environment that values individual similarities and differences, so that all can reach their potential and maximize their contributions to an organization.”

The agencies also:

- Noted that the senior official responsible for an entity’s diversity and inclusion efforts preferably should have relevant knowledge and experience;
- Provided examples of how an entity could promote fair inclusion in its workforce and noted many evaluate their business objectives using analytical tools to track and measure workforce inclusiveness;
- Set standards to assess an entity’s workforce profile and employment practice, which included using data from EEO-1 Reports and Affirmative Action Plans, as well as other metrics. The agencies noted that EEO-1 Report and AAP data may be limited, especially for entities with large workforces and those that broadly define diversity, but that data can be used as a baseline supplemented with other analytical tools;
- Revised the proposed standards to clarify that both quantitative and qualitative measurements are important; and
- Addressed whether management is held accountable for these efforts and creates diverse applicant pools for workforce opportunities when hiring from within and outside the organization.

The agencies addressed a number of issues raised in CUNA’s February 2014 comment letter. In particular, CUNA recommended that the final standard adopt a self-assessment approach.

“While we strongly favor a self-assessment approach over an examination-based approach, even self-assessment under the proposed standard is likely to be quite burdensome for many credit unions, including those already reporting diversity data to the EEOC,” noted CUNA’s comment letter.

CUNA, together with its Examination and Supervision Subcommittee, will be analyzing the joint final standard in detail and is willing to work with credit unions that experience examiner-related issues with their self-assessments.

Source: CUNA

thresholds in the CFPB rules associated with consumer pricing indexes, as well as some effective rules that may impact your mortgage lending policies and procedures. Click [here](#) for the video.



The [CUNA Regulatory Advocacy Report](#) 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. You can view the current report and past reports from the archive.



[Compliance Calendar](#)

July 3

- Independence Day – Federal Holiday

July 18

- Higher-Priced Mortgage Loans: Modified exemptions for loans secured by manufactured homes

July 23

- Changes to Posting Rules for ACH Transactions (Federal Reserve) Effective date

July 24

- 5300 Call Report Due to NCUA

August 1

- CFPB: Know Before You Owe Disclosure - Effective Date

August 1

- CFPB: Integrated Mortgage Disclosures - Effective Date

September 7

- Labor Day – Federal Holiday

September 18

- [NACHA's Return Rate Levels & Reinstated Transactions Rule](#)

CUNA Comment Calls – Due Dates on Proposed Rules

June 9, 2015~CFPB

[Credit Card Market Review](#)

June 22, 2015~Department of Education

[Dept of Ed Proposal on Student Loans](#)

June 24, 2015~CFPB

[Student Loan Servicing RFI](#)

June 26, 2015~Federal Reserve Board

[Comment on Same-Day ACH](#)

July 8, 2015~NCUA

[NCUA's Proposed Share Insurance/IOLTA Rule](#)

Advocacy Highlight

CFPB Responds to Concerns about Implementing TILA/RESPA

CUNA has engaged in robust advocacy efforts on behalf of our members regarding the new TILA/RESPA mortgage disclosure and timing rules that go into effect on August 1, 2015. In particular, CUNA urged the CFPB in meetings and [in writing](#) to provide a “hold harmless” period for compliance and liability on the new rules until January 2016, for credit unions that make good faith efforts to comply. CUNA and other trade associations sent a letter to the CFPB on this matter in March 2015. CUNA also urged Members of Congress to encourage the CFPB to provide this “hold harmless” period. It supported legislation, H.R. 2113, which would allow industry stakeholders to make good faith efforts in compliance with the new rules until the end of the year without fear of enforcement actions or lawsuits.

On June 3, the CFPB responded to these concerns by stating it will be “sensitive to the progress” made by industry that have made good faith efforts to comply with the rules on time. The CFPB did not expressly provide a grace period or hold harmless period for compliance and liability until the end of the year. As such, CUNA will continue to advocate to the CFPB that more unambiguous relief is necessary, and we will also continue to push legislation for this change.

Source: CUNA

Fed Seeks Comments on Adopting NACHA Same-day Rule

The Federal Reserve board has issued a request for comment regarding proposed changes to its current same-day automated clearinghouse (ACH) payments rules.

The Federal Reserve Banks propose to incorporate NACHA-The Electronic Payments Association’s recently [adopted](#) same-day ACH operating rules into Operating Circular 4, which governs Reserve Banks’ ACH service.

The Fed currently operates a same-day ACH service, titled FedACH SameDay Service, which institutions can opt in or opt out of on a monthly basis.

NACHA’s rule would enable originating depository financial institutions (ODFIs) that desire same-day ACH processing the option to send same-day transactions to accounts at any receiving depository financial institutions (RDFIs).

NACHA’s rule would require all RDFIs to participate and would assess an interbank fee to ODFIs of 5.2 cents per transaction. CUNA supports this fee, since it will help credit unions and other small RDFIs offset the costs incurred by processing same-day ACH transactions.

In its [comment letter](#) to NACHA sent in February, the Fed expressed concerns about the interbank fee, and contrary to CUNA’s assertion, believes the fee should be as low as possible.

CUNA maintains that the higher the fee paid by ODFIs, the better chance smaller RDFIs have at recovering some costs involved with the process.

Comments are due to the Fed by July 2.

Source: CUNA



[Training & Events Calendar](#)

June 24

Webinar: [Credit Union Basics for New Employees Part 2: Regulatory Issues, Exams, Audits](#)

July 13, 2015~DOL

[Dept of Labor Proposal to Define Fiduciary](#)

July 13, 2015~NCUA

[2015 Annual NCUA Regulatory Review List](#)

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](#)

CUNA Schools and Webinars

June 25

Webinar: [Use of Loan Guaranties Instead of Co-Signers](#)

July 21

Webinar: [What is New in Mortgage Lending Compliance](#)

July 22

[CUNA Marketing Compliance eSchool](#)

August 11 - 13

Webinar: [Performing Your ACH Audit and ACH Risk Assessment Series](#)

August 25 – December 31

[CUNA Regulatory Compliance Update eSchool](#)

Be sure to visit CUNA’s [Comp Blog](#) for TILA/RESPA Mortgage Disclosure Checklists and other available resources listed below:

- LOAN ESTIMATE CHECKLIST
- CLOSING DISCLOSURE CHECKLIST
- ESCROW CLOSING CHECKLIST
- CUNA’s CompNOTE: The Loan Estimate & The Home Buying Information Booklet.
- CUNA’s CompNOTE: The Closing Disclosure
- CUNA’s CompNOTE: The Escrow Closing Notice
- CUNA’s 10 minute Loan Estimate podcast covering when the disclosure is required
- CUNA’s 10 minute pre-Loan Estimate activities podcast
- CUNA’s 20 minute podcast on how to determine a good faith estimate for the integrated Loan Estimate
- CUNA’s 20 minute podcast: The Loan Estimate – The Content of the Disclosure
- CUNA’s 20 minute podcast on when a credit union may issue a revised integrated Loan Estimate

MWCUA Regulatory & BSA School

Be sure to mark your calendars and take advantage of training opportunities taking place this Fall. And, if you are tight on funds, professional development scholarships are available through Mountain West Credit Union Foundation. Click [here](#) to view the Scholarship Application.

July 7

Webinar: [Compliance Regulations for the Frontline](#)

July 8

Webinar: [Managing E-SIGN, E-Statements & E-Disclosures](#)

July 15

Webinar: [Understanding the Board's Role in Cyber Security Risk](#)

July 22

Webinar: [Developing Your UDAAP Program: Policy, Procedures, Risk Assessment & Audit](#)

July 29

Webinar: [Does Your Originator Agreement Meet NACHA Rule Requirements?](#)

July 30

Webinar: [Regulatory Oversight of Third-Party Vendors: Due Diligence, Management & Contracts](#)

August 5

Webinar: [Fair Lending Comparative File Review](#)

August 19

Webinar: [Website & Social Media Compliance](#)

Regulatory Compliance & BSA School

[September 9-10: Denver, CO](#)

[October 20-21: Phoenix, AZ](#)

Archived Webinar Offerings:

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

Webinar: [The TILA/RESPA Integrated Disclosure Line-by-Line Part 2: Closing Disclosure](#)

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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