

TILA-RESPA Integrated Disclosure Rule

99

With one of the most sweeping regulatory changes for credit unions in decades now just over three 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.

Days until
October 3, 2015

TILA-RESPA Integrated Disclosure Rule “Know Before You Owe”

delayed effective date proposed to be October 3!

[See lead article](#)

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

June 26, 2015

Compliance News

CFPB Proposes Two-Month Extension of Know Before You Owe Mortgage Rule

On June 24th the CFPB issued a proposed amendment to the Know Before You Owe mortgage disclosure rule (also called the TILA-RESPA Integrated Disclosure rule), which proposes to move the rule's effective date to October 3, 2015. The Bureau is issuing the proposal to correct an administrative error that would have delayed the effective date of the rule by at least two weeks, until August 15 at the earliest.

The CFPB is proposing a new effective date of Saturday, October 3. The Bureau believes that moving the effective date may benefit both industry and consumers with a smoother transition to the new rules. The Bureau further believes that scheduling the effective date on a Saturday may facilitate implementation by giving industry time over the weekend to launch new systems configurations and to test systems. A Saturday launch is also consistent with existing industry plans tied to the original effective date of Saturday, August 1.

The proposal will be open for public comment until July 7th and a copy of the proposal can be found [here](#).

Source: CFPB

Agencies Issue Final Flood Insurance Rule

A press release on June 22 from the Federal Reserve, Farm Credit Administration, FDIC, NCUA and OCC announced their approval of a joint final rule that modifies regulations that apply to loans secured by properties located in special flood hazard areas. The final rule implements provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) relating to the escrowing of flood insurance payments and the exemption of certain detached

Compliance Team

[Mark Robey](#)

Sr. VP of Regulatory Affairs

Phone: 800-477-1697, ext. 3327

Direct: 720-479-3327

[Melia Heimbeck](#)

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](#)

Compliance Coordinator

Phone: 800-477-1697, ext. 3281

Direct: 720-479-3281

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structures from the mandatory flood insurance purchase requirement. The final rule also implements provisions in the Biggert-Waters Flood Insurance Reform Act of 2012 relating to the force placement of flood insurance.

Beginning January 1, 2016, in accordance with HFIAA, regulated institutions will be required to escrow flood insurance premiums and fees secured by residential improved real estate or mobile homes that are made, increased, renewed or extended on or after that date, unless the loan qualifies for a statutory exemption or the institution itself is exempt because it has total assets of less than \$1 billion and meets certain other criteria. In addition, the rule:

- Requires non-exempt institutions to provide borrowers of residential loans already on the books as of January 1, 2016, the option to escrow flood insurance premiums and fees.
- Includes new and revised sample notice forms and clauses relating to the escrow requirement and the option to escrow.
- Includes a statutory exemption for the flood insurance purchase requirement for a structure that is a part of a residential property if that structure is detached from the primary residence and does not itself serve as a residence.
- Provides new definitions of "a structure that is part of a residential property," and "detached."
- Exempts from the mandatory escrow requirement loans primarily for business, commercial or agricultural purposes; loans secured by junior liens if the borrower has obtained flood insurance; loans for which flood insurance is provided by a condo association, cooperative, homeowners association or similar group; HELOCs; nonperforming loans; and loans with a term of 12 months or less.

The rule will become effective October 1, 2015, with the exception of the mandatory escrow provisions, which will become effective on January 1, 2016.

Source: NCUA

West Virginia Bank Pays \$4.5M for Willful BSA/AML Violations

FinCEN has [announced](#) the assessment of civil money penalties of \$3.5 million against Bank of Mingo (Mingo), Williamson, West Virginia for willful violations of the Bank Secrecy Act (BSA), anti-money laundering (AML) laws and regulations, and actions by a branch manager (who agreed to an FDIC prohibition order) that assisted criminal activity. The FDIC also determined that the bank failed to implement an effective BSA/AML Compliance Program over an extended period of time. In a concurrent action, FinCEN assessed civil money penalties of \$4.5 million. Mingo also settled criminal charges, on related activities, brought by the U.S. Department of Justice, U.S. Attorney's Office for the Southern District of West Virginia, for \$2.2 million in an asset forfeiture. The penalties are concurrent: FinCEN's \$4.5 million civil money penalty is offset by the FDIC's \$3.5 million assessment and both are offset by the \$2.2 million asset forfeiture. The \$2.2 million asset forfeiture will be paid to the Department of Justice, and the remaining \$2.3 million in penalties will be paid to the United States Treasury.

As indicated in the announcement, "From 2008 through 2013, Mingo had significant deficiencies in all aspects of its AML program, including its internal controls, independent testing, training of personnel, and designation of a BSA officer with sufficient resources to adequately oversee its BSA compliance program. Mingo failed to properly assess the money laundering risk associated with its customers. Consequently, Mingo failed to properly designate many customers and their accounts as high risk; and failed to adequately monitor and detect the unusual currency transactions or suspicious activities in which these customers engaged."

Source: FinCEN



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



FinCEN BSA Leadership Expectations

On August 11th, 2014, FinCEN issued an advisory regarding the expectations of leadership within financial institutions, and how organizations can better foster a culture of compliance. These recommendations are intended to compliment other previous guidance, and to be incorporated with other recommendations from regulations and examiners. Recent enforcement actions have highlighted common features of BSA/AML failures at financial institutions of all sizes, and FinCEN has provided a summary of best practices to avoid future problems.

Leadership Should Provide Adequate Human and Technological Resources

The credit union should have a dedicated BSA/AML compliance officer that is responsible for coordinating and monitoring day-to-day compliance with BSA. This person should have the sufficient authority, knowledge, and training to administer the BSA/AML program. If additional resources are needed, the credit union should devote sufficient support staff to carry out the task, especially when the credit union's risk profile indicates a higher risk for suspicious activity.

FinCEN stresses that the failure to devote appropriate resources and staff to a BSA/AML compliance function could result in other failures. Since financial institutions have staff that review alerts generated by transaction monitoring systems, devoting insufficient staff and resources may result in alerts not being properly scrutinized, due to backlog or improper identification. Credit unions should be prepared to provide sufficient resources to make sure these functions are properly handled.

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



[Training & Events Calendar](#)

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 12

Webinar: [Best Practices for Commercial Lending & Commercial Loan Portfolios](#)

August 19

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

August 20

Webinar: [Garnishments, Subpoenas, Summonses, Levies: Handling Official Demands for Member Funds](#)

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](#)

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.

Regulatory Compliance & BSA School

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

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

CUNA Schools and Webinars

July 7

[CUNA Residential Mortgage Lending eSchool](#)

July 21



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

September 7

⬆ Labor Day – Federal Holiday

September 18

⬆ NACHA's Return Rate Levels & Reinstated Transactions Rule

October 3 – Proposed Delayed Effective Date

⬆ CFPB: Know Before You Owe Disclosure - Effective Date

October 3 – Proposed Delayed Effective Date

⬆ CFPB: Integrated Mortgage Disclosures - Effective Date

October 12

⬆ Columbus Day – Federal Holiday

October 23

⬆ 5300 Call Report Due to NCUA

November 1

⬆ Daylight Savings Time Ends

November 11

⬆ Veterans Day - Federal Holiday

November 26

⬆ Thanksgiving Day – Federal Holiday

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](#)

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](#)

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

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](#)

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

October 3, 2015~CFPB – *Proposed Delayed Effective Date*

[TILA-RESPA Integrated Disclosure Rule](#)

December 31, 2015~IRS

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

Please respond to [Mark Robey](#) with any questions or concerns regarding content of this newsletter.

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