

## Regulatory Compliance News



**MOUNTAIN WEST**  
Credit Union Association

June 3, 2016

### Compliance News

#### Exam Flexibility Initiative – Request from the NCUA

As the financial services industry and credit union risk landscape evolves, NCUA must smartly adapt by continuously improving our current processes to operate even more efficiently. As the insurer for nearly the entire credit union system, and the regulator for federally chartered credit unions, the agency also faces challenges much like credit unions face in serving their members.

NCUA Board Chairman Rick Metsger established the Exam Flexibility Initiative on May 19, 2016, to evaluate the agency's largest function—its examination and supervision program. Chairman Metsger tapped Region IV (Austin) Regional Director Keith Morton to lead the agency's efforts to modernize the exam process. The internal working group will include representatives of all five of NCUA's regions as well as our major offices, and it will solicit advice from a wide range of stakeholders across the country.

As the first step in this initiative, NCUA is seeking input from credit unions to further improve the agency's examination and supervision program.

The following questions are provided to help stimulate input and discussion:

- As a regulator, how can we conduct future credit union examinations in ways that minimize disruptive operational impacts during your credit union examination?
- What concerns do you have with respect to the agency's current examination and supervision program?
- What actions should the NCUA consider to improve the efficiency of its examination program, while ensuring it remains effective?
- How can we better use technology to do our jobs?
- What metrics should the agency consider in determining a credit union's eligibility for a longer examination cycle?

NCUA is especially interested in learning about credit union experiences and plan to meet with credit unions around the nation, from all asset sizes and charter types, as they work to lessen the examination burden on credit unions, while ensuring the proper regulatory safeguards remain in place to protect the system, the deposits of credit union members and the National Credit Union Share Insurance Fund.

In addition to the upcoming meetings and teleconferences, you may provide input to NCUA at [ExamFlexibility@ncua.gov](mailto:ExamFlexibility@ncua.gov). NCUA will acknowledge all submissions within two business days.

Source: NCUA

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### 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.



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## CFPB Spotlights Credit Reporting Complaints

The May issue of the CFPB's [Monthly Complaint Report](#) focuses on credit reporting complaints. The Bureau reports that consumers continue to complain about incorrect information on their credit reports as well as difficulty having errors resolved. This month's report also highlights trends seen in complaints coming from New Mexico.

## Spring 2016 CFPB Rulemaking Agenda

The CFPB has posted an [article](#) on its Spring 2016 rulemaking agenda, a semi-annual status report on the agency's plans for adding or amending consumer protection rules assigned to the agency for implementation.

- **Arbitration.** The Bureau [published a proposed rule](#) on May 24, 2016 that would restrict the use of mandatory arbitration agreements in contracts for consumer financial products or services. Comments are due August 22, 2016.
- **Payday, auto title, and similar lending products.** The CFPB plans to release a Notice of Proposed Rulemaking addressing consumer protections for these small consumer loans "in the next several weeks." Industry observers have suggested that the proposed rule is likely to be announced at a small dollar lending field hearing in Kansas City, Missouri.
- **Prepaid accounts.** The Bureau expects to issue a final rule this summer to create a comprehensive set of consumer protections for prepaid financial products. A [proposed rule](#) was issued in November 2014.
- **Mortgage servicing.** The Bureau reports that a final rule can be expected this summer to amend a proposal published in December 2014. The proposal addressed enhanced loss mitigation requirements and compliance with certain servicing rules when a successor in interest or bankruptcy may be involved.
- **TRID Rule.** Also expected this summer is a proposed rule to "make small clarifications and provide further regulatory guidance" on the TRID Rule.
- **Pre-rule stage.** The Bureau reports it is still in the "pre-rule stage" in any potential rulemaking related to overdraft services on consumer checking accounts; debt collection practices; and data gathering and reporting for women-owned, minority-owned and small business lending.

Aside from the status of the proposed Arbitration Rule, none of the dates in the Bureau's regulatory agenda are commitments. This update reflects later target dates for most of the agenda items than seen on the Bureau's Fall 2015 agenda. Nonetheless, this summer promises to be one of active regulatory change.

## CFPB Provides Details about Protecting Older Account Holders

During a recent call, the Consumer Financial Protection Bureau (CFPB) hosted a webinar to discuss how banks and credit unions can protect older consumers from financial abuse. The call began with remarks from CFPB Director Richard Cordray and was followed by a presentation from the CFPB's Office for Older Americans and an opportunity for questions.

- The CFPB slide deck is available [here](#).
- [Advisory for financial institutions](#) on preventing and responding to elder financial exploitation
- [Recommendations and Report](#) for financial institutions on preventing and responding to elder financial exploitation

Source: CFPB

## CUNA Advocacy Update

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



## InfoSight Highlight

### What is InfoSight, Anyway?

InfoSight is your first stop when searching for compliance answers. Think of it as an online compliance manual at your fingertips, containing federal and state-specific content that is accurate, concise and detailed on a wide range of topics and issues.

There are easy-to-read compliance summaries, checklists for compliance, direct links to laws and regulations, frequently asked questions, and links to additional important resources including CUNA's on-line compliance resource "E-Guide."

Visit the site often, as the number of topics and information posted will expand over time. In the future you will find even more tools, including procedures, added detailed analysis of specific topics and more!

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

## Advocacy Highlight

### Draft House Appropriations Bill Contains Change to CFPB Funding Structure

The House Appropriations Committee Subcommittee on Financial Services and General Government recently approved its draft appropriations bill. The bill includes a number of positive provisions for credit unions, including CUNA-supported provisions to change the structure of the CFPB, and increased or stable amounts for certain credit union development funds.

Provisions in the bill would bring the CFPB under the annual congressional appropriations process, change the leadership to a five-person commission, and require the bureau to study the use of arbitration clauses prior to issuing any regulation.

CUNA supports both of these bills: [H.R. 1486](#) which

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 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 8**

[Financial Strategies Seminar - Denver](#)

#### **June 9**

[Webinar: FFIEC Cyber Security Risk Assessments: Recent Findings & Recommended Actions](#)

#### **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**

would move the Bureau under the appropriations process, and [H.R. 1266](#) which would change the leadership structure. We believe that placing the CFPB under the appropriations process is a step toward ensuring credit unions are not further burdened with regulations. We are also concerned that the bureau's recent arbitration proposal is [inappropriate](#) for credit unions and could serve to deny credit union members an efficient alternative to litigation.

The draft bill also maintains or increases funding levels for several important community funds, including:

- \$2 million for the NCUA's Community Development Revolving Loan Fund, which provides grants and loans to low-income designated credit unions;
- \$250 million for the U.S. Treasury's Community Development Institution (CDFIs) Fund, which awards funds to certified CDFIs, of which there are 276 credit unions, as of April 30. This amount is more than requested by President Barack Obama, who asked for \$245,923,000;
- \$28.5 billion for the Small Business Administration's (SBA) 7(a) program. The SBA guarantees up to 85% of 7(a) loans, and the guaranteed portions of the loan do not count against a credit union's member business lending cap. This amount is more than the \$27 billion Obama asked for;
- \$7.5 billion for the SBA's 504 loan program, which is used for long-term, fixed-rate financing for major fixed assets such as equipment and real estate.

*Source: CUNA*

#### **ICYMI: What's Happening in Other States States Continue Expanding Credit Union Charters**

Bills with new credit union powers recently arrived on the desks of Governors in **Illinois, Missouri and South Carolina**. These powers range from the ability to form network credit unions, to the authority to conduct prize-linked savings programs.

In **Illinois**, H 5755 unanimously passed both chambers of the state legislature. If signed by Governor Rauner, credit unions will be permitted to merge to form network credit unions and credit managers can be selected by a credit committee, board of directors, or CEO, rather than just a credit committee. The measure also clarifies prepayment penalties, and permits amendments to credit union articles of incorporation to be made by a majority of the members or two-thirds of the directors.

The **Missouri** modernization bill, H 1721, would grant state chartered credit unions parity with federally chartered credit unions by permitting state chartered supervisory committees to align their examination procedures with their federal counterparts. Currently, state charters have to do a full verification, while

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 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

### 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)

federal charters are only required to perform account verification once every two years, either by statistical sampling or by 100% verification. Another **Missouri** bill, H 2125, authorizing prize-linked savings programs is on Governor Nixon's desk as well.

The **South Carolina** General Assembly recently passed S 652, Saving Promotions Contests, which would allow credit unions throughout the state to offer prize-linked savings programs. After a unanimous vote both in the House and Senate, the legislation awaits Governor Haley's signature.

Source: CUNA



## 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

## 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**

**May 13, 2016~NCUA**

**Personal Guarantees - MBL**

**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**

**Fiduciary**

**September 15, 2017~NACHA**

**Same-day ACH (NACHA) – Phase 2**

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

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