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Days until  
August 1, 2015

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

**Do you have testing plans to confirm that your actual practices conform to your written policies and procedures across all branch locations?**

*Regulatory Compliance News*



**MOUNTAIN WEST**  
Credit Union Association

June 5, 2015

## Compliance News

### NCUA Assistance for CUs in Flood Areas

The NCUA has announced plans to work with credit unions located in flooded areas of Oklahoma and Texas. Under the agency's disaster relief policy, NCUA will, where necessary:

- Encourage credit unions to make prudent loans with special terms and reduced documentation to affected members;
- Reschedule routine examinations of affected credit unions, if necessary;
- Guarantee lines of credit for credit unions through the Share Insurance Fund; and
- Make loans to meet the liquidity needs of member credit unions through the Central Liquidity Facility.

*Source: NCUA*

### CFPB Announced \$27.7M fine Against Foreclosure Relief Scammers

The Consumer Financial Protection Bureau has announced a final judgment by a federal court on a complaint filed in 2014 by the Bureau and the Florida Attorney general against the Hoffman Law Group, its three operators, and four corporate affiliates accused of using deceptive marketing practices and scamming distressed homeowners into paying illegal advance fees. The scam tricked consumers into paying millions of dollars in illegal upfront fees to join frivolous lawsuits that the companies falsely claimed would pressure banks to modify their loans or provide foreclosure relief. The Hoffman Law Group was a law firm set up to give the appearance that consumers in financial distress needing to modify their mortgage loans or save their homes from foreclosure would get specialized help from attorneys. The court found the corporate defendants liable for \$11,730,570 – the full amount of illegal fees paid by consumers – and ordered them to pay a \$10 million civil penalty to the CFPB, in addition to a \$6 million civil penalty to the State of Florida.

*Source: CFPB*

### PCI: 5 New Security Requirements

## Compliance Team

### 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

#### Compliance Coordinator

Phone: 800-477-1697, ext. 3281

Direct: 720-479-3281



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Five best practices noted in [version 3.0](#) of the [PCI Data Security Standard](#) will become requirements after June 30, and smaller merchants are likely to be the most affected, says one security expert.

That's because the new requirements relate to point-of-sale vulnerabilities that have commonly been linked to exploits at small and mid-sized businesses, says Don Brooks, senior security engineer at security and forensics firm Trustwave.

The best practices, which were included when PCI-DSS version 3.0 was released in November 2013, state:

- Merchants should secure authentication and online session management, to help prevent the theft of online credentials;
- Third-party service providers with remote access to POS systems should use a unique passcode credential for each merchant customer;
- Service providers should confirm in writing that they are responsible for the security of cardholder data they store, process or transmit on behalf of the merchant;
- Merchants should regularly inspect POS devices to ensure they have not been "swapped" or tampered with to skim or collect card details;
- Merchants should conduct regular penetration testing through simulated device attack scenarios to exploit known and possible vulnerabilities.

[For full article click here](#)

Source: *CUinfo Security*

## [Advocacy Highlight](#)

### [HUD Proposes Mortgage Form Revision](#)

The [Department of Housing and Urban Development](#) has published a [notice in the Federal Register seeking public comment on proposed revisions to the HUD Addendum to Uniform Residential Loan Application, also known as the 92900-A, the loan certification document signed by lenders. HUD is providing a 60-day comment period ending on July 14, 2015, on proposed revisions to the form, which include changes to:](#)

- Differentiate between the initial and final Uniform Residential Loan Application;
- Revise mortgagee certification on debarment and suspension to be loan specific;
- Remove references to Handbooks no longer in use by Single Family Housing;
- Update language regarding acceptable sources of funds;
- Provide current non-discrimination language; and
- Update terminology reflected in the new Single Family Housing Policy Handbook 4000.1.

Interested persons are invited to submit comments regarding this proposal. Comments should refer to the proposal by name and/or OMB Control Number and should be sent to: Colette Pollard, Reports Management Officer, QDAM, Department of Housing and Urban Development, 451 7th Street SW., Room 4176, Washington, DC 20410-5000; telephone 202-402-3400 (this is not a toll-free number) or email at [Colette.Pollard@hud.gov](mailto:Colette.Pollard@hud.gov) for a copy of the proposed forms or other available information. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

Source: *Federal Register*

### [CUNA Expresses Concerns with Reg CC & Reg D in Letter to Fed](#)

In a comment letter filed last week, CUNA reiterated concerns with withdrawal or transfer limits on savings accounts and proposed changes for remote deposit capture. The letter was sent to the Federal Reserve Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, which sought feedback as part of their Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) review. NCUA did not participate in this joint EGRPRA

If a full suite of compliance reviews isn't what you are 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@mwcu.com](mailto:mheimbeck@mwcu.com) or (720) 479-3325 or 1 (800) 477-1697 ext. 3325



### **Home Ownership and Equity Protection Act (HOEPA)**

The CFPB issued the 2013 HOEPA rule with expanded coverage to HELOCs. The rule applies to loans for which a credit union received an application on or after January 10, 2014.

The Home Ownership and Equity Protection Act of 1994 (HOEPA) amended the Truth in Lending Act (TILA) by requiring additional disclosures for consumer credit transactions that are secured by a principal dwelling (i.e., refinancings and home equity installment plans) that bear rates or fees above a certain percentage or amount, as well as reverse mortgages; and prohibiting specific acts and practices. The loans are called "Section 32 Mortgages," as the rules for these loans are contained in Section 32 of Regulation Z, which implements the TILA. For purposes of the 2013 HOEPA rule Section 32 loans are now defined as "high-cost" mortgages.

### **How does HOEPA affect credit unions?(1026.32) and (1026.34)**

If a credit union makes high-cost mortgages there are several consumer protections for high-cost mortgages, including:

- Specific disclosure requirements
- Restrictions on transaction terms
- Restrictions on fees and practices
- Ability-to-repay requirements
- Pre-loan counseling requirements

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

### **CU Compliance Connection – Mortgage Amendments**

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

review; earlier this year, NCUA voluntarily conducted its own EGRPRA review.

As stated in CUNA's letter, Reg D continues to burden credit unions and consumers by imposing reserve requirements on depository institutions. Specifically, CUNA takes issue with the transaction limit set on savings accounts, only allowing depositors to making six transfers or withdrawals per month. This limit can lead to rejected transactions and potential nonsufficient funds fees on consumer members. CUNA's letter emphasizes the importance of regulatory relief for credit unions; credit unions are devoting time and resources to comply with the policy that imposes an arbitrary limit on transfers rather than focusing on meaningful compliance issues. As discussed in the letter, CUNA supports a GAO study of the Reg D limit, which we believe will conclude that Reg D is not necessary for credit unions.

CUNA's letter reiterates concerns shared previously regarding the Fed's proposed changes to Reg CC, which pertains to remote deposit capture (RDC). The proposal provides two alternate frameworks for return requirements to encourage institutions that currently request paper returns to transition to electronic returns. As noted in CUNA's Reg CC letter, credit unions have concerns that the [proposed changes](#) would not only increase risks for all institutions offering RDC but could also result in unintended consequences, such as potential reductions in RDC services for consumers and businesses.

Source: CUNA



#### [Training & Events Calendar](#)

#### June 9

Webinar: [BSA Officer Reports to the Board](#)

#### June 10

Webinar: [Countdown to the Integrated Disclosure Deadline: August 1, 2015](#)

#### June 11

### [Compliance Networking Council – Casper, Denver, Phoenix](#)

#### June 18

Webinar: [Stress Testing Your Loan Portfolio: Regulations, Risks & Impact on Value](#)

#### June 24

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

#### 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?](#)

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 – Deadline Extended Credit Card Market Review](#)

[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](#)

[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 8](#)

Webinar: [Basics of Consumer Lending – Part 2](#)

[June 11](#)

## July 30

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

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### 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](#)

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### 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](#)

Webinar: [Consumer Lending Compliance 101](#)

## June 25

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

## July 21

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

## 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

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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