

TILA-Respa 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.

36

Days until
October 3, 2015

Is your plan on schedule, if not has the deviation from schedule been approved by appropriate oversight management *and* have you begun to make secondary plans to ensure compliance?

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

August 28, 2015

Compliance News

“Growing Epidemic” and “Rampant, Largely Invisible, Expensive and Lethal Problem”

“Elder financial abuse has become more acute.” This somber assessment by Thomas Curry, Chief Officer of the OCC (Office of the Comptroller of the Currency) which he shared in a speech in Washington, D.C. last month follows on the heels of several notable events related to elder financial abuse earlier this year. *The True Link Report on Elder Financial Abuse 2015* published in January indicated their “research reveals that seniors lose \$36.48 billion each year to financial abuse” and that “approximately 36.9% of seniors are affected by financial abuse in any five-year period”. The U.S. Senate Special Committee on Aging held a hearing in early February to focus on elder financial exploitation which Chairman Senator Collins characterized as a “growing epidemic” and the Executive Director of NAPSA (National Adult Protective Services Association) testified is “a rampant, largely invisible, expensive and lethal problem”. And in late February, the New York State Department of Financial Services issued *Guidance for Financial Institutions on Preventing Elder Financial Exploitation* which referenced red flag indicators that had been published in a FinCEN advisory.

The Comptroller of the Currency made a second emphatic statement in his March speech on this escalating crime. Mr. Curry stressed that “[financial institutions] can play a critical role in identifying financial fraud and protecting their older customers against these losses.” With the heightened expectation and responsibility for financial institutions to detect and report elder financial abuse, the following list of red flag indicators which was compiled by BITS, the Technology Policy Division of the Financial Services Roundtable, may be helpful.

Three Red Flag Categories:

- Changes in Spending and Transaction Patterns
- Changes to Accounts and/or Documentation
- Changes in Appearance or Demeanor

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Association Compliance Forums

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[BSA Compliance Officer Forum](#)

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1. Changes in Checking and/or Credit/Debit Spending and Transaction Patterns

- A set of “out-of-sync” check numbers.
- A sudden flurry of “bounced” checks and overdraft fees.
- Transaction review shows multiple small dollar checks posting to the senior’s account in the same month. This could be indicative of telemarketing or charity scams.
- Large withdrawals from a previously inactive checking or credit account or a new joint account.
- Account use shortly after the addition of a new authorized signer.
- Abrupt increases in credit or debit card activity.
- Sudden appearance of credit card balances or ATM/debit card purchases or withdrawals with no prior history of such previous use.
- Withdrawals or purchases using ATM or debit cards that are repetitive over a short period of time.
- Withdrawals or purchases using ATM or debit cards that are inconsistent with prior usage patterns or times (e.g., late night or very early morning withdrawals by elderly customers, withdrawals at ATMs in distant parts of town by customers who don’t drive or are house bound).
- Withdrawals or purchases using ATM or debit cards that are used shortly after the addition of a new authorized signer.
- Unexplained disappearance of funds or valuable possessions, such as safety deposit box items.
- Vulnerable adult appears confused about the account balance or transactions on his or her account.
- A caregiver appears to be getting paid too much or too often.
- Significant increases in monthly expenses paid which may indicate that expenses for persons other than the customers are being paid.
- Sudden changes in accounts or practices, such as unexplained withdrawals of large sums of money, particularly with a vulnerable adult who is escorted by another (e.g., caregiver, family member, “friend”) who appears to be directing the changing activity patterns.

2. Changes to Accounts and/or Documentation

- Recent changes or additions of authorized signers on a vulnerable adult’s financial institution signature card.
- Statements are sent to an address other than the vulnerable adult’s home.
- Vulnerable adult has no knowledge of a newly-issued ATM, debit or credit card.
- Abrupt changes to, or confusion regarding changes in, financial documents such as Power of Attorney, account beneficiaries, wills and trusts, property titles, deeds and other ownership documents.
- Sudden unexplained transfers of assets, particularly real property.
- Sudden appearance of previously uninvolved relatives claiming their rights to a vulnerable adult’s affairs and possessions.
- Discovery of a vulnerable adult’s signature being forged for financial transactions or for the titles of his or her possessions.
- Refinance of the vulnerable adult’s property, particularly with significant cash out or with the addition of new owners on the deed and, most particularly, without the new owners shown as co-borrowers on the loan.

3. Changes in Appearance or Demeanor

- Vulnerable adult has a companion who seems to be “calling the shots”.
- Change in the vulnerable adult’s physical or mental appearance. For example, the customer may appear uncharacteristically disheveled, confused or forgetful. These signs could indicate self-neglect or early dementia and leave the vulnerable adult open for financial exploitation.
- Vulnerable adult acknowledges providing personal and account information to a solicitor via the phone or email.
- Excitement about winning a sweepstakes or lottery.

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InfoSight Highlight

Elder Financial Exploitation

Often, credit unions are quick to suspect elder financial exploitation based on staff familiarity with their elderly members. Credit unions have the potential to be the “first line of defense” against financial abuse, by identifying the abuse at its outset, before the elder’s assets have been dissipated. The primary roles of the credit union are the protection of its members’ assets and the prevention of financial losses. The credit union can take steps to protect elderly and vulnerable members from financial exploitation and fraud by training staff to recognize the types of financial scams, the red flags of potential abuse and what to do when fraud is suspected.

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

CU Compliance Connection – Promoting a Culture of Compliance

In this video for Compliance Connection, Compliance Consultant Amy Wargo details how to set up a culture of compliance at your credit union. View the CUBE TV video [here](#).

Advocacy Highlight

NCUA has proposed a rule that would reduce regulatory burden and should make it easier for credit unions to lend to small business members. However, the proposal isn't final. NCUA needs to know how business lending credit unions feel about the proposal and how important business lending is to credit union members. Please take some time to help deliver that message.

There are two critical actions you may take:

- [Submit a comment letter to NCUA](#). The comment period is a critical part of the rulemaking process and is your opportunity to tell the NCUA what you think about the proposal and how it could be improved. All

- Allegations from a vulnerable adult or relative regarding missing funds or physical or mental abuse.

See also the [FinCEN Advisory](#) regarding filing Suspicious Activity Reports regarding Elder Financial Exploitation.

Source: Verafin

Credit Unions Should Review Their Privileged Access Users Annually

According to NCUA, not only should credit unions, at a minimum, review their privileged access users and systems annually, there should be additional vetting when privileged access rights are expanded for any user account. During such a review, NCUA recommends that credit unions consider the following questions:

- Do our users need the level of access they currently have?
- Have we segregated sensitive systems and data stores into secure enclaves?
- Do we have effective oversight of privileged access?
- How can we make active monitoring part of our culture?
- NCUA states that “these simple steps can go a long way to reducing the potential for unauthorized access of critical systems.” For more information see [NCUA Report, August 2015](#).

Strong Credit Card Verification Process Needed

According to NCUA, credit union’s verification process is critical to stem credit card fraud. NCUA believes that “credit unions offering Apple Pay should review their current practices for customer verification to ensure they are doing everything they can to mitigate potential fraud.” See [NCUA Report, August 2015](#) for tips.

e-mortgage Closings

“Paperless” mortgage closings are gaining popularity, CUNA’s NewsNow reports. As reported in the New York Times, Amy Moser, vice president of mortgage services for Mountain America in Utah states that “first-time borrowers in particular liked the process, since it was easier to review documents in advance, and consult with more experienced borrowers.” For more information see this [NewsNow story](#).

Flood Penalties of \$1.1 Million

The OCC issued enforcement orders against Bank of America, for violations of the Flood Act and issued civil money penalties in the amount of \$1,104,530. The OCC found that in making, increasing, extending, or renewing loans in designated flood zones, the Bank engaged in a pattern or practice of violations of the requirement to purchase flood insurance where available, and to provide notice of special flood hazards and availability of Federal disaster relief assistance.

Source: CUNA

Register for OFAC Symposium

OFAC has opened the [registration](#) for its 2015 Fall Symposium to be held September 22 from 8 a.m. to 4 p.m. ET in Washington, D.C. Note that online registration does not automatically confirm attendance. A separate email will be sent containing registration status. Travel arrangements should not be made until a confirmation email is received.

Source: OFAC



[Training & Events Calendar](#)

Regulatory Compliance & BSA School

Be sure to mark your calendars for the Regulatory Compliance & BSA School. And, if you are tight on funds, professional development scholarships are

you need to do is go to [PowerComment](#) and follow the instructions. On [PowerComment](#), you will find a series of questions to consider and also some draft text for a comment letter.

- [Encourage your members – particularly your small business members – to send a short comment letter to NCUA.](#) [Voter Voice](#) is a portal that allows credit union members, employees and volunteers to send a message to NCUA that is supportive of credit union small business lending. On [Voter Voice](#), there are a series of letters that can be sent, or individuals can draft their own message.

Source: CUNA



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](#)

September 7

- Labor Day – Federal Holiday

September 18

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

October 3

- CFPB: Know Before You Owe Disclosure - Effective Date

October 3

- 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

December 25

- Christmas Day – Federal Holiday

December 31

- Foreign Account Tax Compliance Act Effective Date

CUNA Comment Calls – Due Dates on Proposed

available through Mountain West Credit Union Foundation. Click [here](#) to view the Scholarship Application.

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

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

September 1

Webinar: [The 20 Most Important Things to Know About TRID Compliance Before the Revised October 3 Deadline](#)

September 2

Webinar: [Advanced ACH Specialist Series: Defining & Identifying Third-Party Senders: Risk, Liability & Audit Requirements](#)

September 10

Webinar: [Loan Concentration Management: Evaluation, Risk Tolerance & Regulatory Guidance](#)

September 15

Webinar: [Loan Underwriting Basics: Interviewing, Credit Reports, Debt Ratios & Regulation B](#)

October 27

Webinar: [Adverse Action Consumer & Mortgage Loan Best Practices](#)

October 8

Compliance Networking Council –Registration is Open

Plan to attend the next Compliance Networking Council on Thursday, October 8, 2015. The Compliance Council brings together compliance professionals to discuss the challenges inherent in keeping credit unions compliant with the regulations that govern them. The council provides opportunities to meet with your counterparts from other credit unions, discuss upcoming regulatory changes, as well as strategies to minimize their impact. This council will take place in Denver, CO, Phoenix, AZ and Rock Springs, WY. For more information or to register, please e-mail: training@mwcua.com.

Rules

August 24, 2015~NCUA

[Member Business Lending Rule](#)

August 27, 2015~DOL

[Department of Labor Proposal to Update Rules Concerning Overtime Pay](#)

September 8, 2015~NCUA

[NCUA's Economic Growth and Regulatory Paperwork Reduction Act \(EGRPRA\) Regulatory Review: No. 3](#)

Effective Dates

New and Revised Rules

October 1, 2015~DOD(Compliance Mandatory 10/3/2016)

[Military Lending Act Rule](#)

October 3, 2015~CFPB

[TILA-RESPA Integrated Disclosure Rule](#)

December 31, 2015~IRS

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

CUNA Schools and Webinars

September 8 – October 7

[CUNA Lending Compliance eSchool](#)

September 10

Webinar: [Custom Construction Lending – Technical Staff, Best Practices and Red Flags](#)

September 14

Webinar: [Changes to the Military Lending Act](#)

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

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