



Compliance News

CFPB Issues Mortgage Servicing Transfer Bulletin

The CFPB issued [Bulletin 2014-01](#) – replacing Bulletin 2013-01 – which provides policy guidance to residential mortgage servicers and subservicers, in connection with risks that may arise with transfers of residential mortgage servicing rights.

Section A of the bulletin provides examples of general transfer-related policies and procedures that CFPB examiners may consider in evaluating whether services have satisfied the regulatory requirements.

Section B answers frequently asked questions about how the revisions to the Real Estate Settlement Procedures Act (RESPA or Regulation X) apply in the area of servicing transfers. This includes error resolution procedures, force-placed insurance, early intervention with delinquent borrowers, continuity of contact, and loss mitigation. This section also explains how entities can minimize compliance risk.

Section C describes other federal consumer financial laws applicable to servicing transfers and consequences for not fulfilling obligations under those laws.

Section D informs servicers engaged in significant servicing transfer that the CFPB may require them to submit and prepare information plans describing how they will be managing risks to consumers.

Credit unions engaged in the transferring of servicing for mortgages should review the CFPB's Bulletin.

Source: MCUL

CFPB Issues Revised Final Rule for Electronic Funds Transfers

Last week, the Consumer Financial Protection Bureau published additional amendments to subpart B of Regulation E, which implements the Electronic Fund Transfer Act (EFTA), related specifically to International Remittance Transfers. The amendments in this [final rule](#) extend an exception that allows international remittance transfer providers to estimate certain disclosures where exact information could not be determined for reasons beyond their control. This statutory provision, outlined in 1005.32(a), has been extended to July 21, 2020.

The CFPB is also clarifying that U.S. military installations abroad are considered to be located in a State for purposes of the Remittance Rule. Therefore, transfers to individuals and accounts located on U.S. military installations located abroad, as well as transfers from individuals and their accounts located on U.S. military installations abroad to designated recipients in the United States would be excluded from the Remittance Rule's application.

The CFPB also clarified that a remittance transfer is covered under the rule if it is from an account for personal, family or household purposes. The primary purpose of the account is the determining factor. Commentary is also being adopted to explain that an account held by a financial institution under a bona fide trust agreement is also not requested for person, family or household purposes, and a consumer requesting a transfer from this account is not considered a "sender" under the regulation. Commentary was also adopted that explains that if the consumer indicates that he or she is requesting a transfer for other purposes, such as business or commercial, the provider may deem the consumer NOT to be

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Payment Card Industry Data Security Standard

The Payment Card Industry (PCI) Data Security

a sender under the rules, even if it is done from an account that is used primarily for personal, family or household purposes.

Additionally, in the final rule, faxes are considered writings for the purposes of satisfying provisions that require remittance transfer providers to provide disclosures in writing and that, in certain circumstances, a provider may provide oral disclosures after receiving a remittance inquiry from a consumer in writing.

The changes in this final rule will become effective 60 days after publication in the Federal Register.

Source: CUNA NewsNow

FiIs Prepare for Apple Pay Combo of NFC, Passbook App

Apple announced Apple Pay, a system that will combine near-field communication with its Passbook app, taking plastic cards out of the point-of-sale environment.

Apple Pay allows consumers to add their card on file for their iTunes account or upload their credit cards to their Apple Passbook by taking a photo of the card, said Apple vice president Eddy Cue. Apple confirms through the issuing bank that the card belongs to the consumer.

Apple Pay supports credit and debit cards from the three major payment networks-- American Express, MasterCard and Visa--that are issued by banks such as Bank of America, Capital One Bank, Chase, Citi and Wells Fargo, which represent 83% of credit card purchase volume in the United States, Apple said.

The Credit Union National Association continues to work with the payment networks and others on the latest payment developments, including providing more information for credit unions interested in Apple Pay.

To become part of Apple Pay, credit unions and other financial institutions will need to enable tokenization with their payment networks.

"When you're using Apple Pay in a store, restaurant or other merchant, cashiers will no longer see your name, credit card number or security code, helping to reduce the potential for fraud," Cue said during the product announcement. Point-of-sale transactions are authorized with a one-time unique number and Apple's Touch ID fingerprint technology.

Apple Pay will work with the new iPhone 6, iPhone 6 Plus, and the newly announced Apple Watch.

"The question for Apple is if they can take the complexity out of paying with a smartphone, to make it as easy as using a credit card is today," said Kevin Talbot, managing partner with Relay Ventures.

Source: CUNA NewsNow

CFPB Issues Strong Warning Against Deceptive Credit Card Promos

Credit card companies have been warned against deceptively marketing interest rate promotions, the Consumer Financial Protection Bureau (CFPB) announced.

According to the bureau, it is concerned that companies are luring in customers by promising low--even zero--interest, then hitting them with surprise interest charges.

A CFPB [bulletin](#) highlights concerns with marketing of credit card interest rate offers such as balance transfers, deferred-interest offers and convenience checks. Under these promotions, consumers may be charged a fee to transfer a balance or make a purchase with their credit card in order to receive a promotional interest rate on that amount for a set period of time.

While consumers pay no interest or a low interest rate for balances subject to the promotion, additional purchases made with the credit card may incur interest charges right away.

The bureau believes some marketing materials do not clearly disclose that consumers must pay off the promotional balance by their due date to avoid unexpected interest charges on routine purchases for which they were not charged interest previously.

For some consumers, these surprise charges can make the cost of transferring a balance more expensive than revolving the same balance on their existing card.

Standard (DSS) is a set of comprehensive requirements for credit card account data security developed by the founding brands of the PCI Security Standards Council, including American Express, Discover Financial Services, JCB, MasterCard Worldwide and Visa International, to facilitate adoption of consistent data security measures.

The PCI DSS is a standard that sets minimum requirements for security management, policies, procedures, network architecture, software design and other critical protective measures. This standard is intended to help organizations, including credit unions, proactively protect credit card account data.

The PCI DSS consists of the following group of principles and accompanying requirements:

- Build and Maintain a Secure Network
- Protect Cardholder Data
- Maintain a Vulnerability Management Program
- Implement Strong Access Control Measures
- Regularly Monitor and Test Networks
- Maintain an Information Security Policy

Visit the Payment Card Industry Data Security Standard topic on the Security channel of InfoSight to review the requirements that correspond to each of the principles. In addition, this topic contains a links to the PCI Quick Reference Guide and the PCI Security Standards Council's website

Surviving Compliance: The Jungle

Have you been looking for a fun way to review specific compliance questions that your credit union may have? THIS IS IT! Join Shawn and Glory on a perilous trip through the compliance jungle while they tackle credit unions' toughest compliance problems. CAUTION: Laughter may ensue. Click [here](#) for the video.



This week's [Regulatory Advocacy Report](#) will bring you up to speed on the following issues:

- RBC Improvements Tops CUNA's Regulatory Advocacy Efforts
- FHLB Proposal Troubles CUNA
- CFPB Warns Credit Card Companies Against Deceptively Marketing Promotional Offers
- Mobile Payments Regulatory Landscape: Boston Fed Paper, NCUA Upcoming Guidance
- Federal Reserve Announces Completion of Its "Payment System Improvement" Research

Be sure to visit our new [Risk-Based Capital blog](#) for the latest from CUNA staff and guest bloggers



2014 Compliance Calendar

September 19

According to the bureau, these marketing tactics specifically impact consumers who enjoy an interest-free "grace period" on credit card purchases. Consumers who pay off their total credit card balance each month receive a grace period during which they do not have to pay interest on purchases.

The CFPB has also published [consumer tips](#) about credit card interest-rate promotions and how grace periods work.

Source: CUNA NewsNow

Advocacy Highlight

Mobile Payments Regulatory Landscape: Boston Fed Paper, NCUA Upcoming Guidance

The Federal Reserve Bank of Boston's Mobile Payments Industry Workgroup recently released their "Update on the U.S. Regulatory Landscape for Mobile Payments" [paper](#). The paper summarizes their recent meeting with representatives from federal and state regulatory agencies on May 7. The meeting was to discuss the status of:

- The U.S. mobile payments landscape;
- The regulators' role in mobile;
- Regulatory agency coordination around mobile payments; and
- Data security, the role of non-bank providers and start-ups, and data privacy.

For credit unions, the paper noted that NCUA continues to monitor mobile financial services and payments, and intends to provide more guidance to its examiners and credit unions. NCUA is creating guidelines for credit union examiners to help them flag particular issues for follow-up by a specialist and the guidance is scheduled for release in the fourth quarter of 2014, according to the paper.

Federal Reserve Announces Completion of Its "Payment System Improvement" Research

The Federal Reserve [announced](#) last Thursday that it has completed research on its "payment system improvement" initiative. In the coming months, the Federal Reserve Banks (Fed Banks) plan to use research conclusions and stakeholder feedback to prepare and share a roadmap for payment system improvements. As noted in the research, the Fed Banks presented five use cases or applications that could benefit from a "faster payments" system, which could comprise about 12% of U.S. payments (i.e., through faster authorization and clearing, availability, and/or settlement). CUNA and our Payments Subcommittee continue to meet and discuss these issues with the Fed Banks, trade associations, and other stakeholders. For more detailed information on the project, please review the Fed Banks' [website](#) and the [CUNA Regulatory Advocacy Report from August 25](#)



[Training & Events Calendar](#)

September 23

Webinar: [NACHA Rules vs. Reg E Rules – Which Takes Legal Priority in Which Situation](#)

October 8

Compliance Networking Council – Casper, Denver & Phoenix – contact Shay Jacobs sjacobs@mwcua.com

October 29

Webinar: [Social Media Update: Facebook, LinkedIn, YouTube and Twitter](#)

November 4 – 6

[Regulatory Compliance School - Phoenix](#)

• [NACHA Operating Rules Changes](#)

October 13

• [Columbus Day – Federal Holiday](#)

October 24

• [5300 Call Report Due to NCUA](#)

October 31

• [Credit Card Qtrly Agreement Submission Due to CFPB \(10,000 or more open credit card accounts\)](#)

November 2

• [Daylight Savings Time Ends](#)

November 11

• [Veterans' Day – Federal Holiday](#)

2014 Effective Dates New and Revised Rules

December 31, 2015~IRS

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

2014 CUNA Comment Calls - Due Dates on Proposed Rules

September 22, 2014~FinCEN

[Customer Due Diligence](#)

October 1, 2014~NCUA

[Fixed Assets](#)

October 8, 2014~CFPB

[Proposed Regulation on HMDA \(Reg C\)](#)

CUNA Schools and Webinars

Schools and Conferences

October 26 – 29

[CUNA Bank Secrecy Act Conference, Las Vegas, NV](#)

Webinars

October 7

[ACH Fundamentals](#)

October 16

[ACH Basics](#)

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

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