



Compliance News

NCUA Releases Videos on Protecting Seniors from Financial Abuse

Because millions of American seniors are targeted each year by scam artists or fall victim to other forms of financial abuse, the National Credit Union Administration has created two new videos aimed at helping consumers and credit union staff recognize and prevent fraud.

The agency's latest videos were released Sept. 15th and posted on NCUA's [YouTube channel](#). The first, *Scams Targeting Seniors*, is a dramatization of how an unwary consumer could become the victim of a typical scam. The video offers advice to credit union members who suspect they may have been targeted. The second, *Reporting Elder Financial Abuse or Exploitation*, explains to credit union managers and staff how to spot, prevent and report cases of financial abuse.

"An educated consumer is the first line of defense against fraud or exploitation," NCUA Board Chairman Debbie Matz said. "Research suggests financial abuse is the most common form of elder abuse, and perpetrators can be scam artists, dishonest financial advisors or even caregivers. Our new videos are the latest effort to help credit unions and members understand how this can happen and how to steer clear of trouble. If fraud or abuse happens, we also want people to know where they can get help."

NCUA also offers valuable information on its consumer financial literacy microsite, [Pocket Cents](#), that can help seniors better understand how fraud or abuse can occur and how to protect themselves. NCUA sent a [Letter to Credit Unions](#) in September 2013 urging them to review their policies and procedures and ensure staff were trained to recognize signs that financial abuse or exploitation may be occurring.

Source: NCUA

Calif. Ride-Sharing Law Protects CU Collateral

California Gov. Jerry Brown signed legislation that will require Transportation Network Companies (TNC) such as Uber and Lyft to buy at least baseline insurance on their vehicles. The new law will address concerns held by credit unions who have been on the line for reductions in collateral value when the cars those businesses use are involved in accidents.

Assembly Bill 2293, authored by Assemblywoman Susan Bonilla (D-Concord), also requires those companies to provide disclosures that outline any potential gaps in personal insurance auto-lines coverage for drivers using their own vehicles.

"While AB 2293 is a consumer protection bill, it represents much more than that," Bonilla said. "This measure symbolizes business flexibility, consumer affordability, political compromise and, most importantly, what true public policy should be: a collective process for all stakeholders to contribute."

Credit unions through the California and Nevada Credit Union Leagues worked closely with Bonilla on pushing forward the legislation, which was heavily opposed by the TNC companies.

The bill also received some help from credit unions through the Leagues' "Connect for the Cause" email-alert grassroots system.

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Servicemembers Civil Relief Act

The Servicemembers Civil Relief Act provides protection to individuals who are on full-time active

The new legislation:

- Creates a personal insurance firewall to ensure personal insurance auto policyholders will no longer subsidize the commercial activity of TNCs, beginning July 1, 2015;
- Lowers the primary insurance coverage requirements in the timeframe formerly known as "App On To Match" to \$50,000/\$100,000/\$30,000, with excess coverage of \$200,000;
- Ensures oversight by the California Public Utilities Commission of TNCs, such as Uber and Lyft; and
- Expedites the approval process for new TNC insurance products.

"AB 2293 sets the standard for this innovative industry, ensuring consumer protection and public safety remains a top priority," Bonilla added. "This legislation also reinforces corporate responsibility, safeguarding taxpayers from subsidizing the cost of commercial activity."

Source: CUNA News Now

Checking Account Screening Topic of CFPB Forum

Checking account screening policies and practices will be the subject of a Consumer Financial Protection Bureau (CFPB) [forum](#) Oct. 8. Checking account screening is often used by financial institutions to look into a consumer's checking history before opening a new account.

According to the bureau, the event will be "a discussion on how checking account screening policies and practices impact consumers. The event will inform the dialogue around how the screening system works and how to improve the availability of information and products for consumers."

There will also be discussions about current checking account screening practices, the effect these practices have on consumers' ability to acquire and use checking account products and the availability of such products and services that meet their needs.

CFPB Director Richard Cordray will speak, and there will be presentations from consumer groups, federal and local elected officials and industry representatives.

The event will take place Oct. 8, from 8:30 a.m. to 2 p.m. (ET) at the Kellogg Conference Center at Gallaudet University. Registration is required and must be received by Oct. 2.

Source: CUNA News Now

CFPB CU Advisory Council Meeting Set for Oct. 1 in D.C.

A meeting of the Consumer Financial Protection Bureau's (CFPB) Credit Union Advisory Council will be held Oct. 1 in Washington, D.C.

The agenda features a discussion on overdrafts with Gary Stein, program manager of deposits markets, and Jesse Leary, section chief of consumer and household research and policy. Assistant Director for Consumer Response Scott Pluta will also lead a discussion of consumer complaints.

The council's function is to advise the bureau on regulating consumer financial products or services and specifically to share the unique perspectives of credit unions.

The upcoming meeting will be the first for the council in 2014. It previously met four times in 2013 and once in 2012.

The [meeting](#) will be from 3:30 to 5:30 p.m. (ET). Registration is required.

Source: CUNA News Now

Federal Reserve Does Not Plan to Revise Debit Interchange Fee Caps or Fraud Adjustment

Last week, the Federal Reserve Board (Fed) released a [report](#) and said it does not plan to propose revisions to the Regulation II debit interchange fee standard or the fraud-prevention adjustment. The Fed said the decision is based on results of its survey of costs associated with debit card transactions, a survey it conducts every two years.

Implementing a provision of the 2010 Dodd-Frank Act, the Fed set a cap on debit interchange fees for issuers with assets of \$10 billion or more at 21 cents, and allows certain other charges to cover fraud losses and fraud prevention. "Covered issuers with average ACS (authorizing, clearing, and settling) costs below the maximum interchange fee

military service of the United States.

Under the SCRA, while a service member is on active duty, a credit union may charge no more than six percent (6%) simple interest on loan balances incurred prior to active duty status. The SCRA clarifies this requirement by extending that limitation to the service member and his or her spouse jointly. The SCRA also clarifies that any interest in excess of 6% that otherwise would have been incurred (while on active duty) is forgiven. The SCRA also extends protections to co-debtors who may also be obligated on loans with the active duty servicemember.

In addition, the Housing and Economic Recovery Act of 2008 (HERA) provides additional protections to service members provided under the SCRA. The law maintains HERA's stay of proceedings period of nine months.

Visit the Servicemembers Civil Relief Act topic on the Loans and Leasing channel of InfoSight to review:

- Actions your credit union should take to ensure compliance with the SCRA
- What your credit union should do after the Act no longer applies to a member
- SCRA FAQs from HUD

Cloud Computing

As the need to address record and information storage demands increases, credit unions continually look for new cost effective methods of processing and storing information. Cloud computing is a technological advancement that can be advantageous to credit unions. This [video](#) presentation provides information on the requirements for Cloud Computing and how it impacts your credit union.



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

- NCUA's McWatters Says New RBC Comment Period is Needed
- Federal Reserve Does Not Plan to Revise Debit Interchange Fee Caps or Fraud Adjustment
- CFPB Forum Slated on Checking Account Screening Practices
- Leagues Express Credit Union Concerns to Regulators
- CUNA Consumer Protection Subcommittee Scheduled to Meet with CFPB
- CUNA Opposes CFPB Proposal to Expand its Consumer Complaint Database
- NCUA Hosts Credit Union Merger Webinar
- NCUA Offers New Guide on Starting a Federal Credit Union

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

in 2013 processed over 99 percent of all reported covered transactions, the same proportion as in 2011” according to the report. Also in the report, the Fed estimates that debit-card fraud losses to all parties—merchants, cardholders, and issuers—was \$1.57 billion in 2013, with an average loss of approximately 8 basis points as a share of transaction value. That was up slightly from 2011.

CUNA continues to advocate for credit unions on interchange issues and believes the debit interchange fee cap is too low and does not allow debit card issuers to cover their costs and a reasonable rate of return on their investments. We also remain concerned about the effectiveness of the small issuer exemption. We will be reviewing the report and data in greater detail.

Source: CUNA news Now

Advocacy Highlight

The Consumer Financial Protection Bureau (CFPB) is Proposing Changes to Regulation C to Implement Amendments Made to the Home Mortgage Disclosure Act (HMDA) by the Dodd-Frank Act and Other Revisions.

Among the changes, the tests for determining which institutions are covered under HMDA would be revised:

- Covered entities, including credit unions that trigger Reg C compliance, would be required to report HMDA data if they originate 25 covered loans other than open-end lines of credit and commercial lines of credit, in the previous calendar year.
- Unsecured home improvement loans would no longer have to be reported.
- All closed-end loans, open-end lines of credit and reverse mortgages secured by dwellings would be required to be reported.

The proposal will require credit unions and other covered entities to report much more information as mandated by the Dodd-Frank Act.

However, in addition to the data required under the Dodd-Frank Act, the CFPB is proposing to use its discretionary authority to require reporting on additional issues, such as the first draw amount at account opening for HELOCs.

This requirement alone could be very costly and cumbersome for credit unions to provide, and CUNA has already sent a letter to CFPB Director Richard Cordray urging the agency to exempt credit unions from this requirement.

CUNA will be filing a detailed comment letter on the proposal before the comment period closes, and will also be addressing a number of other additional items the CFPB is proposing to require covered entities to report on.

The proposal would require institutions with large numbers (at least 75,000) of reported transactions to submit their HMDA data on a quarterly, rather than annual basis.

The proposal provides that HMDA reporters may direct the public to a publicly available Web site to obtain HMDA data for a particular institution.

The CFPB is proposing many changes to clarify and provide additional guidance on existing requirements of Regulation C. Examples would include guidance on:

- What types of residential structures are considered dwellings;
 - The treatment of manufactured and modular homes and multiple properties;
 - Coverage of preapproval programs and temporary financing;
 - How to report a transaction that involved multiple financial institutions;
 - Reporting the action taken on an application; and
 - Reporting the type of purchaser for a covered loan.
- Comments to the proposed regulation are due to the CFPB by October 29, 2014; **please submit your comments to CUNA by October 15.**

If you have any questions or comments, please contact CUNA Associate General Counsel Jared Ihrig at jihrig@cuna.com



2014 Compliance Calendar

September 19

- [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](#)

November 27

- [Thanksgiving Day – Federal Holiday](#)

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](#)

2014 CUNA Comment Calls - Due Dates on Proposed Rules

September 22, 2014~FinCEN

[Customer Due Diligence](#)

October 1, 2014~NCUA

[Fixed Assets](#)

October 15, 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

[Training & Events Calendar](#)

[ACH Basics](#)

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](#)

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

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