

InfoSight Highlight

Bank Secrecy Act: Information Sharing

Section 314(a) of the USA Patriot Act authorized law enforcement authorities to communicate with financial institutions about suspected money launderers and terrorists (§1010.520).

A request for information under section 314(a) (referred to as a “314(a) request”) will be made by the Financial Crimes Enforcement Network (FinCEN). Generally, the requests will be batched and issued every two weeks and financial institutions, including credit unions, will have two weeks to respond to the request.

Searches will be limited to specific records and, unless otherwise noted, will be a one-time search. If the credit union identifies a match for a named subject, it should stop its search of accounts for that suspect and respond to FinCEN that it has a match and provide point-of-contact information for the requesting law enforcement agency to follow-up directly with the credit union. Searches need only encompass current accounts and accounts maintained by a named subject during the preceding twelve (12) months, and transactions not linked to an account conducted by a named subject during the preceding six (6) months. Any record that is not maintained in electronic form need only be searched if it is required to be kept under federal law or regulation.

Credit unions are not required by a 314(a) request to close any account or take any other action with respect to an account or a transaction by virtue of a match with any named subject. Credit unions do not need to maintain the list of named subjects for the purpose of evaluating whether to open an account or to conduct a transaction, unless specific instructions accompanying a 314(a) request state otherwise.

For additional information, [click here for the topic](#).

Review the information today to help your credit union remain in compliance.

Compliance News

IRS changes due date for W-2 and 1099-MISC filings

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Credit Union National Association

Compliance Videos

First Quarter 2017 Recap and Second Quarter Outlook

This [video](#) provides a recap from Glory LeDu, Director of League System Relations, of the first quarter compliance updates and gives a “sneak peek” of what is to come in the second quarter of 2017. Included are such topics as the NCUA changes to Member Business Lending, the Fixed Assets Rule and the Chartering and Field of Membership Manual as well as a minor revision to the CFPB’s HMDA information. There were also annual updates from the CFPB, FRB and the IRS. The FFIEC has also updated the Uniform Interagency Consumer Compliance Rating System, which is mentioned in this video as well as covered in depth in a separate video.

The Internal Revenue Service has published [[82 FR 33441](#)] final and temporary rules effective immediately affecting the due dates for submission of certain information returns, as required by section 201 of the Protecting Americans from Tax Hikes Act of 2015. Among the changes are a new due date of January 31 for information returns in the W-2 series, form W-3 and Forms 1099-MISC that report nonemployee compensation. The changes affect those forms filed for information returns for calendar years beginning after 2015.

The changes impact a bank's payroll processes (Forms W-2 and W-3) and submission of 1099-MISC information returns on director compensation, accounts payable, and other miscellaneous non-employee compensation. The changed deadlines are meant to reduce the IRS's exposure to paying tax refunds early each year before it has the information returns to confirm alleged income and withholding amounts on fraudulent tax returns.

Source: IRS

Distinguishing Between the MLA and SCRA When it Comes to Collections

CUNA Compliance has received several questions as of late about how the Military Lending Act (MLA) impacts the collections function within a credit union. More specifically, cooperatives want to know if the MLA contains specific collections prohibitions like those found within the Servicemembers Civil Relief Act (SCRA). The direct answer is no. But this is compliance, so we all know its a bit more complicated than that.

First things first; remember that the SCRA provides as follows:

- Section 532 - Property may not be repossessed from a Servicemember serving on active duty without a court order.
- Section 533 - Real estate may not be foreclosed upon while a Servicemember is serving on active duty and for a period of 12 months thereafter.

As stated previously, the MLA does not contain any specific collections prohibitions such as those found within the SCRA. However, some have argued that many of the loan product limitations found in Section 232.8 of the MLA do in fact affect the collections activities of the credit union. Those loan product limitations include:

FFIEC Consumer Compliance

In this [video](#), Glory LeDu explains the updates made to the Uniform Interagency Consumer Compliance Rating System by the Federal Financial Institutions Examination Council (FFIEC), as well as the CFPB's requirements for an effective Consumer Compliance Management System. Credit unions should review this video to determine how their current compliance management system stacks up, as examiners will be using this rating system to evaluate credit unions on compliance factors and will be assigning an overall Consumer Compliance Rating.

Member Business Lending

[This video](#) provides the details you will need to know to comply with the NCUA's Member Business Lending rules.

Compliance Calendar

July, 2017

- July 30th, 2017: [5300 Call Report Due to NCUA](#)

September, 2017

- The credit union may not require the covered borrower to waive any right to legal recourse available under Federal or State law.
- The credit union may not require the covered borrower to submit to arbitration.
- The credit union may not demand unreasonable notice from the covered borrower as a condition for legal action.
- The credit union may not take a security interest in the covered borrower's funds unless those funds were deposited after the extension of credit in an account established in connection with the credit transaction.
- The credit union may not require the covered borrower to repay the obligation through an allotment.
- The credit union may not prohibit the covered borrower from prepaying the obligation or charge the covered borrower a prepayment penalty for doing so.

So, do these loan product limitations really affect the collections activities of the credit union? Not really.

To determine why, look at Section 232.9 of the MLA. It provides that any loan contract with a covered borrower that contains one or more of the prohibitions outlined above is **void from inception of the contract**. In other words, there is nothing for the collections department to collect as there is no legally enforceable promissory note between the credit union and the covered borrower.

CFPB Posts HMDA Resources

This week, the CFPB posted a couple of new resources to the HMDA implementation webpage that are worth reviewing if your credit union reports HMDA data. The CFPB made some updates to the technology preview, a system they are referring to as the "HMDA Platform" which will be available online only and is supposed to guide filers through the entire filing process. The preview provides some table views of the platform and gives us a better idea of what we can expect from the new data submission process, which is expected to be ready by the third quarter of 2017.

The platform will require every HMDA filer to register online for login credentials and establish an account. Once registered, the credit union can directly upload its LAR, check which stage it is in, complete the review and verification steps, then submit the LAR from within the platform. If the LAR is not properly formatted, the platform will display an error

- September 4th, 2017: Labor Day - Federal Holiday
- September 15th, 2017: [Same-day ACH \(NACHA\) – Phase 2 of the implementation period for the rule.](#)

October, 2017

- October 3rd, 2017: [Military Lending Act for Credit Cards](#)
- October 9th, 2017: Columbus Day - Federal Holiday
- October 19th, 2017: [Amendments to the 2013 Mortgage Rules under the Real Estate Settlement Procedures Act - Regulation X and the Truth in Lending Act - Regulation Z](#)
- October 29th, 2017: [5300 Call Report Due to NCUA](#)

November, 2017

- November 10th, 2017: Veterans' Day (Observed) - FRB will be open
- November 23rd, 2017: Thanksgiving Day - Federal Holiday

December, 2017

message and the filer must correct and refile the LAR. The CFPB has created a [LAR Formatting Tool](#) to help small institutions with smaller volumes of covered loans create a pipe delimited text file format that can be submitted on the platform. The Platform will identify any HMDA edits which must be addressed before the data can be submitted. Once all edits have been addressed, an authorized representative from the filer's institution must certify the completeness and accuracy of the LAR before submitting the LAR. After submission, the platform provides a confirmation screen acknowledging date and time of submission.

Other new tools on the HMDA website include two separate Filing Instructions Guides (FIG), one for data collected in 2017 (available [here](#)) and another for data collected in 2018 (available [here](#)). These guides replace the FFIEC's "Getting it Right!" guide that HMDA filers have relied on for so many years. The 2017 FIG is necessary to explain the new submission process because data collected in 2017 and reported in 2018 will be submitted to the CFPB for the first time, rather than to the Federal Reserve. The new data reporting requirements in the HMDA Final Rule apply to data collected beginning on January 1, 2018, so a separate 2018 FIG was created for that purpose.

With the HMDA effective date is fast approaching, we recommend that you take some time to familiarize yourself with these new reporting instructions and resources. There is a [Frequently Asked Questions](#) document specific to the filing process that is also helpful. Getting your credit union up to speed for HMDA compliance is a lengthy process and one that you should start preparing for sooner rather than later.

Source: CUNA Compliance Blog

CFPB updates spring 2017 rulemaking agenda

The CFPB has [posted an article](#) explaining that the CFPB participates in the federal agencies' Unified Agenda program and that the Office of Management and Budget (OMB) recently posted online the [CFPB's updated agenda](#). The objectives of the agenda are:

- Providing consumers with timely and understandable information to make responsible decisions about financial transactions
- Protecting consumers from unfair, deceptive, and abusive acts and practices and from discrimination
- Addressing outdated, unnecessary, or unduly burdensome regulations

- December 25th, 2017: Christmas Day - Federal Holiday

January, 2018

- January 1st, 2018: [Home Mortgage Disclosure Act – Regulation C \(CFPB\), most provisions – Effective date](#)

March, 2018

- March 16th, 2018: [Same-day ACH \(NACHA\) – Phase 3 of the implementation period for the rule.](#)

Compliance Training

Regulatory Compliance Training

NCUA Field-of-Membership Rule

Get more information about the NCUA's new field-of-membership rule by watching the [agency's webinar online](#) and review [questions and answers](#) from the event.

The NCUA Board unanimously approved the new field-of-membership

- Enforcing federal consumer financial law consistently in order to promote fair competition, without regard to whether providers of financial services are banks, thrifts, credit unions, or other kinds of institutions
- Promoting the transparent and efficient operation of markets for consumer financial services to facilitate access and innovation

A brief summary of the various Bureau initiatives was also provided.

Source: CFPB

Advocacy Highlight

NCUA Reorganization Announced

Late last week the NCUA announced that the agency plans to reorganize its operations. The agency will consolidate the five regional offices into three by closing the Albany, New York, and Atlanta, Georgia offices and eliminate four of the agency's five leased facilities. NCUA will also:

- Create an Office of Credit Union Resources and Expansion by redefining and realigning chartering and field-of-membership, credit union development, grants and loans, and minority depository institutions programs
- Restructure the Office of Examination and Insurance into specialized working groups
- Realign the Asset Management and Assistance Center to include changes to the servicing business model and moving to a financial supervisory structure.

Federal Reserve Task Force Releases Final Paper on the Future of Faster Payments

The Federal Reserve's Faster Payments Task Force recently released its final paper on the future of payments in the U.S. The Task Force, of which CUNA is a member, has been working on the paper since 2015.

[Part One](#) of the Faster Payments Task Force Final Report, published in January 2017, provides an overview of the Faster Payments Task Force objectives and processes, a description of the U.S. payments landscape, and the benefits of faster payments. [Part Two](#) of the Final Report, published today, provides insights from the submitted solution proposals,

rule at its [October 2016 open meeting](#).

NCUA videos on effective board meetings

The NCUA has [released](#) a new video series, "Effective Board Meetings," designed to help credit union directors make the best use of their meetings. The four-part series features different examples of well-run and poorly run board meetings. It also provides helpful tips on how to run constructive meetings and create an environment that engages a credit union's board members.

CUNA AND CUNA Webinars

CUNA offers hundreds of online training events that make it easy for you to learn right at your desk. Whether you are looking for a beginner course or want a comprehensive understanding on a specific topic, CUNA webinars, audio conferences and eSchools have what you need.

[Click here](#) for updates on compliance, operations, lending topics and more!

CUNA Fair Lending Workshop

reflects on several foundational issues that are important to address, and presents the task force's goals and recommendations for implementing faster payments in the United States.

While the release of the second half of the report officially concludes the work of the Faster Payments Task Force, CUNA continues to be involved as a member of the Federal Reserve's Secure Payments Task Force, which focuses on security issues associated with faster payments.

Source: CUNA Removing Barriers Blog

CUNA Advocacy Update

The [CUNA 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. Additional Advocacy efforts may also be found under CUNA's [Removing Barriers](#) blog.

New ComplySight Enhancements – File Manager!

ComplySight's newest enhancement, File Manager, is now available and you can learn all about it in [this 35-minute video](#). File Manager allows users to upload files and documents individually or in bulk and associate them to Areas, Items and/or Factors. If you have any questions, please feel free to contact info@complysight.com.

ComplySight Training is Available!

Not sure how to get started, or want a refresher on how to use ComplySight? Or are you interested in seeing more of how ComplySight works? We are excited to make available recorded webinars to help you get the most out of ComplySight! We currently have seven training modules available! The ComplySight training webinars are available at any time, and registration is not required. [Click here to start training today!](#)

ComplySight: 30 Day Free Trial!

If you're interested in a "trial run" of ComplySight, League InfoSight is offering a free, 30-day trial so you can see the benefits first-hand. It's easy to get started. [Just visit us online and click on Free Trial Offer.](#)

August 23-24, 2017//Orlando FL. Information on this great workshop can be found [here](#).

MLA Part Two: New Credit Card Rules Webinar

Will you be ready for the changes, effective October 3, 2017? CUNA has provided a [recorded webinar](#) from July 13, 2017 to help!

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