

InfoSight Highlight

ACH – Third Party Senders

NACHA amended their Operating Rules to require Originating Depository Financial Institutions (ODFIs) to identify and register their Third-Party Sender members. However, even credit unions that do not conduct third-party origination are still required to register and acknowledge that in a statement to NACHA. These changes become effective on September 29, 2017, which is the day the registry opens. Credit unions have an implementation period through March 1, 2018 to register all of their Third-Party Senders.

Exemption: If the credit union is not an Originating Depository Financial Institution (ODFI) this registration requirement would not apply.

About Third-Party Senders

A Third-Party Sender serves as an intermediary between the company originating the ACH payment and the Originating Depository Financial Institution (ODFI) of that transaction. A key point that differentiates a Third-Party Sender from other third parties is that it sends the payment on behalf of its client through its own financial institution as opposed to the financial institution of the client, or Originator – this means that the Third-Party Sender is the customer of the ODFI and the ODFI does not have a direct business relationship with the Originator of the transaction.

When a Third-Party Sender is sending payments through its ODFI on behalf of another Third-Party Sender, that ODFI has the ultimate responsibility for those payments. For that reason, it is important that a financial institution knows that customer and whether it is a Third-Party Sender.

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

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

Compliance News

FinCEN Corrects Beneficial Ownership Form

FinCEN has published [[82 FR 45182](#)] corrections to the Certification Form in Appendix A to 31 CFR 1010.230 (Beneficial ownership requirements for legal entity customers). FinCEN indicated that all the

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Compliance Videos

Quarterly Update for Q2 and Q3 2017

This [video](#) reviews a few important laws and regulations that will impact our credit unions in the 2nd and 3rd quarters of 2017. League InfoSight CEO Glory LeDu covers the **DOL – Fiduciary Rule** effective 6/9/17, Phase II of the **NACHA Same Day ACH**, the changes to the **DOD - Military Lending Act** related to credit cards, and an overview to the 1st set of changes made to **Mortgage Servicing**.

[Mortgage Servicing Rule](#)

This [video](#) provides more detailed information from Glory LeDu, CEO of League InfoSight, regarding the upcoming **Mortgage**

changes were technical corrections. The corrections were described as follows in the Federal Register document:

"As revised, appendix A (Certification Form) is identical to the original version except for the following: In the first sentence in Part I under the heading "What information do I have to provide?", the term "foreign persons" is changed to "non-U.S. persons"; and in Part II: The heading of Section II b. is changed to "b. Name, Type, and Address of Legal Entity for Which the Account is Being Opened:"; and in the headings of the last column in the Tables in Section II c and Section II d, the term "Foreign Persons" is changed to "Non-U.S. Persons" and the term "Social Security Number" is added after the term "persons"; and in footnote 1, the term "Foreign Persons" is changed to "Non-U.S. Persons" and "a Social Security Number," is inserted after the word "provide".

A quick analysis of the changes suggests that the addition of the "type" of legal entity business (corporation, LLC, etc.) as a required piece of information and of "Social Security number" as an acceptable identifying number for non-U.S. persons will require adjustments in the implementation plans of financial institutions and third-party service providers.

Source: FinCEN

OFAC Sanctions Banks and Reps Linked To North Korea Networks

OFAC has [announced](#) actions taken recently to further disrupt North Korea's access to the international financial system. OFAC designated eight North Korean banks and 26 individuals linked to North Korean financial networks. The individuals sanctioned are North Korean nationals operating in China, Russia, Libya and the United Arab Emirates who act as representatives of North Korean banks. OFAC also identified two banks as part of the Government of North Korea. As a result of this action, any property or interests in property of the designated persons in the possession or control of U.S. persons or within the United States must be blocked.

Source: OFAC

Servicing Rules, effective 10/19/2017. Be sure to review this video to ensure you are in compliance with these upcoming changes.

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

October, 2017

- 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

CFPB Shares Stories of Servicemembers Having Difficulty with Debt Collection Practices

Servicemembers, veterans, and their families consistently report their issues with debt collection practices to the CFPB. As of Aug. 1, 2017, 41 percent of the complaints received from servicemembers are related to debt collection—compared to just 26 percent of complaints from non-servicemembers.

The Fair Debt Collection Practices Act (FDCPA) protects servicemembers from debt collectors who use abusive, unfair, or deceptive practices to collect debts. Active-duty servicemembers can face the additional worry that an unpaid debt could affect their security clearance, adding an extra layer of stress.

To learn in what ways financial institutions may be violating regulatory requirements, read some of the stories [here](#).

Source: CFPB

Post-Data Breach: Fraud Loss Mitigation Webinar

In case you missed it, CUNA joined CUNA Mutual Group and the Financial Services Information Sharing Center (FS-ISAC) for a webinar this week on how to mitigate fraud in the wake of the massive Equifax breach. View a [recorded version](#) of that webinar. During the discussion, CUNA covered subjects such as how stolen information can be re-used on the dark web; best practices in fraud monitoring and detection; and how to proactively change a fraud strategy following a massive data breach. [Additional Data Breach resources](#).

Source: CUNA

Back to Basics: Is it Possible to Raise the APR on a HELOC Based on a Change on a Member's Credit Score?

Question: May a credit union increase the APR on a member's HELOC based on a change in the member's credit score?

Answer: No, a credit union may not increase the APR on a member's HELOC based on a change in the member's credit score or credit rating.

- 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.](#)

April, 2018

- April 1st, 2018: [Prepaid Accounts under the Electronic Fund Transfer Act/Regulation E and the Truth In Lending Act/Regulation Z \(Date Extended\)](#)

May, 2018

- May 11th, 2018: Customer Due Diligence – CDD (FinCEN) – Effective date

Reg. Z, Section 1026.40(f), states that a creditor may not change the APR unless the change is based upon an index (such as the prime rate) that is not under the control of the creditor and the index is available to the general public. Otherwise, Reg. Z only permits a creditor to make changes that are:

- Unequivocally beneficial to the borrower throughout the remainder of the plan,
- Changes that are considered insignificant, or
- A specified change if the borrower specifically agrees to it in writing at that time.

However, a creditor may provide in the account opening agreement that it may prohibit additional extensions of credit or reduce the credit limit during any period in which the maximum APR is reached and may also provide that specified changes will occur if a specified event takes place. For example, the APR may be increased a specified amount if the borrower leaves the creditor's employment. Furthermore, a creditor may change the index and margin if the original index is no longer available, the new index has a historical movement substantially similar to the original index, and the new index and margin would have resulted in an APR substantially similar to the rate in effect at the time the original index became unavailable.

Source: CUNA Compliance Blog

Advocacy Highlight

NCUA Board Meeting Recap: Board Votes to Close Stabilization Fund

The NCUA just wrapped their September board meeting, and as [predicted and supported by CUNA](#), the Board voted to close the Corporate Stabilization Fund. In addition to closing the fund, the Board also discussed a proposed rule and the NCUA's 2018-2022 strategic plan. You can find an overview and details below.

The next board meeting is scheduled for October 19th.

Proposed Rule, Part 740, Accuracy of Advertising and Notice of Insured Status

The NCUA proposed to revise provisions of NCUA's advertising rule. The advertising rule requires FICUs to use NCUA's "official advertisement statement" when advertising. In addition to being permitted

Compliance Training

Regulatory Compliance Training

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!

MLA Part Two: New Credit Card Rules Webinar

Will you be ready for the changes, effective October 3, 2017? CUNA is making [this](#)

to use any of the three current versions of the official advertising statement, the Board proposes to allow FICUs the option of using a fourth version, namely by stating “Insured by NCUA.” The proposal would also: (1) expand a current exemption from the advertising statement requirement regarding radio and television advertisements; and (2) eliminate the requirement to include the official advertising statement on statements of condition required to be published by law.

[webinar](#) available on July 13, 2017 to help!

NCUA’s 2018 – 2022 Strategic Plan

The NCUA released a draft of the 2018–2022 draft strategic plan. The plan summarizes NCUA’s analysis of the internal and external environment impacting NCUA; evaluates the agency’s programs and risks; and provides goals and objectives for the next five years. The Draft Strategic Plan integrates the agency’s mission and overarching risk management philosophy with clear goals and objectives. The Strategic Plan highlights the agency’s three strategic goals and supporting strategic objectives, which reflect the outcome or greater impact of the broader strategic goals.

The three strategic goals for 2018 to 2022 are to: (1) Ensure a Safe and Sound Credit Union System; (2) Provide a regulatory framework that is transparent, efficient and improves consumer access.; (3); and Maximize organizational performance to enable mission success.

CUNA will review the draft strategic plan and make comments to the agency detailing how the agency can more efficiently regulate credit unions.

Closing the Corporate Stabilization Fund and Setting the Normal Operating Level

As expected and supported by CUNA, the NCUA Board voted to close the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund). The Board also voted to set the National Credit Union Share Insurance Fund (Share Insurance Fund) normal operating level at 1.39%, which the Board supported with analysis from the Federal Reserve.

According to the NCUA credit unions should receive a rebate or dividend in 2018 between \$600 million and \$800 million. The NCUA also stated that credit unions will also receive between \$600 million to \$1.1 billion in

dividends between 2019 through 2021. Furthermore, corporate capital holders could have between \$1.1 billion and \$1.9 billion returned to them in 2021. We note that future dividends and capital returns are dependent on the performance of assets and the U.S. economy.

[CUNA was the only national trade association for credit unions](#) to advocate for NCUA to close the stabilization fund and merge it with the National Credit Union Share Insurance Fund, thus enabling credit unions to start receiving refunds in 2018. Additionally, CUNA raised about the NCUA's proposal to set the normal operating level at 1.39% and advocated it be lowered

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 – COMPLAINT MANAGEMENT SYSTEM

ComplySight's newest enhancement, Complaint Management System, allows credit unions to enter, track, assign, resolve and report on member and non-member complaints that are submitted to the credit union.

Although part of ComplySight, it is a separate and distinct system, sharing only the Administrative user access. To view an overview of this wonderful enhancement, visit the [ComplySight Training Webinars](#) page on our website! There you will also find additional videos related to the Complaint Management System and its use.

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.](#)

