

## InfoSight Highlight

### SAFE Act – Registration of Mortgage Loan Originators (Regulation G)

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires residential mortgage loan originators who are employees of agency-regulated institutions to be registered with the Nationwide Mortgage Licensing System and Registry (Registry). As part of this registration process, residential mortgage loan originators must furnish to the registry information and fingerprints for background checks. The SAFE Act generally prohibits employees of agency-regulated institutions from originating residential mortgage loans unless they register with the registry.

The National Credit Union Administration (NCUA), along with the other federal financial institution regulators and the Farm Credit Administration (the Agencies), issued final rules requiring residential mortgage loan originators who are employees of financial institutions, Farm Credit System institutions, and certain of their subsidiaries (agency-regulated institutions) to meet the registration requirements of the SAFE Act.

Those not regulated by an Agency must be licensed and registered under State law (i.e., CUSOs and their employees). Employees who originate residential mortgage loans for the CUSO and the credit union are subject to both the State licensing system and the requirement under these final rules.

Effective July 21, 2011, the SAFE Act (Regulation G) is administered and enforced by the Consumer Financial Protection Bureau (CFPB).

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

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

## Compliance News

### CFPB Updates Mortgage Servicing Materials

To support implementation of the Interim Final Rule for Mortgage Servicing issued on October 4, 2017, the Bureau has updated the Executive Summary of the 2016 Mortgage Servicing Rule and Version 3.0 of the Small Entity Compliance Guide.

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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 2<sup>nd</sup> and 3<sup>rd</sup> 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 1<sup>st</sup> 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 **Mortgage Servicing Rules, effective 10/19/2017**. Be sure to

You can access these materials on the dedicated Mortgage Servicing implementation [webpage](#).

Source: CFPB

### CFPB Issues Additional Rules Related to Mortgage Servicing

This week the Consumer Financial Protection Bureau (“CFPB”) published both an interim final rule and a proposed rule in the Federal Register related to mortgage servicing. The interim final rule has an effective date of October 19, 2017; however, **comments will be accepted until November 15th. Comments will be accepted on the proposed rule until November 17th.**

#### *Interim Final Rule – Early Intervention Requirements*

Currently, Section 1024.39 of Regulation X requires a credit union to take the following steps when it comes to a borrower who is delinquent on the mortgage secured by their primary residence:

- Make a good faith attempt to establish live contact with the delinquent borrower within 36 days; and
- Provide the borrower with a written notice of delinquency within 45 days.

In August 2016, the CFPB issued several amendments to the mortgage servicing rules. Among these were new exceptions to the early intervention requirements. First, a credit union is exempt from the 36-day live contact requirement if the borrower has filed for bankruptcy or has made a cease communication request under the Fair Debt Collection Practices Act (“FDCPA”). Second, for borrowers who have filed for bankruptcy, the credit union is exempt from the written notice requirement if no loss mitigation options are available to the borrower or if they have made a cease communication request under the FDCPA. Finally, for borrowers who have made a cease communication request under the FDCPA, the credit union is exempt from the written notice requirement if no loss mitigation options are available to the borrower or if they are a debtor in bankruptcy.

If one of the exceptions does not apply to a borrower who has made a cease communication request under the FDCPA, the credit union must continue to provide the written notice of delinquency. However, the credit union is prohibited from providing the written notice more than once during any 180-day period. The interim final rule clarifies that the credit

review this video to ensure you are in compliance with these 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 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

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

January, 2018

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

union has 10 days from the end of any previous 180-day period to provide a subsequent written notice of delinquency.

*Proposed Rule – Periodic Statements for Borrowers in Bankruptcy*

Currently, Section 1026.41 of Regulation Z requires a credit union to provide a periodic statement in connection with a closed-end consumer credit transaction secured by a dwelling.

In the CFPB's August 2016 amendments to the mortgage servicing rules, the Bureau clarified that a credit union must continue to provide a modified periodic statement to a borrower who has filed for bankruptcy unless:

- The borrower has agreed to surrender the property as part of the bankruptcy proceeding; or
- The borrower has requested in writing that the credit union cease providing a periodic statement.

The CFPB's proposed rule will provide a credit union with a single statement cycle from the time of the borrower's bankruptcy filing to transition from the regular periodic statement format to the modified periodic statement format.

### **FTC Guidance on COPPA and Voice Recordings**

According to the Federal Trade Commission (FTC), when a credit union collects an audio file containing a child's voice solely as a replacement for written words, such as to perform a search or fulfill a verbal instruction or request, but only maintains the file for the brief time necessary for that purpose, the FTC would not take an enforcement action against the credit union for not obtaining parental consent.

The FTC issued this Children's Online Privacy Protection Act (COPPA) Enforcement Policy in response to several inquiries about the practice of collecting audio files containing a child's voice. The agency recognizes the value of using voice as a replacement for written words, particularly in instances of children with disabilities or who have not yet learned to write. Additionally, if the audio file is immediately deleted the FTC believes there is little risk that it will be used to contact an individual child.

COPPA requires operators of commercial websites or online services directed to children to provide notice of their information practices to

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

### **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

parents and to obtain verifiable parental consent before collecting a child's personal information.

For more information and to review the important limitations on this Enforcement Policy, you can view the [FTC policy here](#).

*Source: CUNA Compliance Blog*

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### **CUNA Final Rule Analysis of Payday Rule Available**

CUNA's Final Rule Analysis of the Consumer Financial Protection Bureau's (CFPB) short-term, small-dollar loan rule is now available. CUNA prepared the [analysis](#) so credit unions can [start to digest](#) the rule and figure out how it will affect small-dollar lending at their institution.

The rule was [finalized Oct. 4](#), and contains a number of CUNA-backed improvements over the originally proposed version.

The final rule exempts loans issued in accordance with NCUA's Payday Alternative Loan (PAL) program, as well as most accommodation loans.

Other types of loans specifically exempted

- Certain purchase money security interest loans;
- Real estate secured loans (including personal property used as a dwelling);
- Credit card accounts;
- Student loans;
- Non-recourse pawn loans;
- Overdraft services and overdraft lines of credit;
- Wage advance programs; and
- No-cost advances.

Credit unions making short-term loans with terms of less than 45 days that require the consumer to pay all or most of the debt at once will still be impacted by the rule, and thus will be subject to strict underwriting requirements.

Long-term balloon loans are also within the scope of the rule, as are high cost loans (with an annual percentage rate that exceeds 36%) that also have a leveraged payment mechanism in place that allows the credit union

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!

initiate a transfer of money from the member's account to satisfy the loan obligation.

Credit unions originating these types of loans must conduct an ability-to-repay test to determine upfront that borrowers can make his or her payments for major financial obligations, required payments under the loan and meet basic living expenses during the term of the loan and for a period of time thereafter.

In addition, the credit union must also consider the member's previous borrowing history related to covered loans.

Finally, the rule prohibits a credit union from making repeated attempts to withdraw payment from a member's account after its second consecutive attempt to do so has failed due to lack of sufficient funds. The rule also imposes a number of new disclosure requirements.

Most of the rule becomes effective 21 months from the date of publication in the *Federal Register*.

*Source: CUNA*

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## CU PolicyPro Updates

CU PolicyPro announced its October 2017 content updates which includes 21 policy updates. The following documentation is available online to help understand the updates and incorporate them into your CU Policies Manual:

- [Update Overview](#)—Lists all of the updated policies and provides a brief overview of what was updated and why it was updated.
- [Video Webinar](#)—Updating Your Working Manual—This recorded webinar walks you through the update process, including manually inserting the updated content into your policies. Please note this webinar was recorded using the content from a previous update; however, the methodology will be the same for any update.
- [Alphabetical Policy Listing](#)—An updated version of the alphabetical policy listing, which is helpful for finding particular policies.

As with all the policies, you may need to modify these updates to meet your specific needs and ensure they comply with state law regulations. If

you have any questions, please contact the CU PolicyPro support team at [policysupport@cusolutionsgroup.com](mailto:policysupport@cusolutionsgroup.com).

### Advocacy Highlight

#### **TCPA Petition: It's Time to Submit Comments to the FCC**

On September 29, [CUNA submitted a Petition for Declaratory Ruling](#) to the Federal Communications Commission (FCC) seeking relief from the onerous compliance complexities associated with the Telephone Consumer Protection Act (TCPA). The FCC then opened the petition up for comment only a week after CUNA submitted – appearing to be taking credit union concerns seriously enough to seek public comment.

#### **Why did CUNA submit this petition?**

Credit unions have been expressing serious concerns to us over the past few years about ambiguities in how to comply with this severely outdated statute and the FCC's interpretations of it. This has resulted in credit unions being forced to curtail consumer friendly communications and leaves credit unions vulnerable to liability traps, which can put the resources of their membership in jeopardy.

#### **Why we need your credit unions to submit comments!**

CUNA hopes you and your credit union will take the time to file a substantive comment with the FCC on how the TCPA has adversely affected the way you communicate with your member-owners by November 6.

Please visit [CUNA's Grassroots Action Center](#) to submit your comments! On CUNA's Grassroots Action Center you will find talking points about the petition as well as portal to submit comments directly to the FCC.

#### **What's next?**

CUNA is currently in the process reaching out to Members of Congress and is also working with coalition partners to back the petition.

CUNA is excited about the opportunity for the credit union system to participate and inform the FCC of how the TCPA affects the way they communicate with their member-owners.

[Reminder – Submit Comments by November 6th!](#)

*Source: CUNA Removing Barriers Blog*

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**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.

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## **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](mailto: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.](#)