

InfoSight Highlight

Fair Housing Act

The Federal Fair Housing Act (FHA or Act) is Title VIII of the Civil Rights Act of 1968, as amended. The FHA makes it unlawful for any person to be subjected to discrimination because of race, color, religion, sex, handicap, familial status (having one or more children under the age of 18 living with a parent, individual who has legal custody or designee of a parent or legal custodian), or national origin in the sale, rental, or advertising of dwellings, in the provision of brokerage services, or in the availability of residential real estate-related transactions. "NCUA's Rules and Regulations, 12 CFR Section 701.31 entitled "Nondiscrimination Requirements," implements the provisions of the FHA for federal credit unions, summarizing the prohibitions on discrimination in real estate lending and appraisals. The requirements for state chartered credit unions are located in the Department of Housing and Urban Development's (HUD's) Fair Housing Act regulations at 24 CFR Part 110.25 (a), which are similar to NCUA's requirements.

There is considerable overlap between the FHA and the Equal Credit Opportunity Act (ECOA), which prohibits discrimination with respect to any aspect of a credit transaction on the basis of sex, race, color, religion, national origin, marital status, age, receipt of public assistance, or the exercise, in good faith, of rights granted by the Consumer Credit Protection Act. The FHA works in conjunction with the ECOA to prohibit discrimination by anyone who is in the business of providing loans for housing. The ECOA and the FHA should be read together in order to fully understand the scope of a credit union's fair lending obligations.

HUD has primary FHA regulatory and enforcement authority over credit unions. The Department of Justice (DOJ) brings suits on behalf of individuals based on referrals from HUD.

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

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

Compliance News

A Closer Look at RESPA's 120-Day Foreclosure Restriction

InfoSight
Compliance eNEWSLETTER
November 3, 2017
Vol. 11, Issue 43

Created in partnership with the



Credit Union National
Association

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 **Mortgage Servicing Rules, effective 10/19/2017**. Be sure to review this video to

In the event a member breaches a term of their mortgage loan agreement unrelated to the delinquency of a periodic payment, must the credit union wait 120 days before initiating a foreclosure action?

By way of reminder, Section 1024.41 of Regulation X provides as follows:

A servicer shall not make the first notice or filing required by applicable law for any judicial or non-judicial foreclosure process unless:

- *A borrower's mortgage loan obligation is more than 120 days delinquent;*
- *The foreclosure is based on a borrower's violation of a due-on-sale clause; or*
- *The servicer is joining the foreclosure action of a subordinate lienholder.*

In its final mortgage servicing rule dated August 2, 2016, the Consumer Financial Protection Bureau (“CFPB”) gave us a standardized definition of “delinquency” for purposes of the Regulation X servicing provisions. A borrower is now considered *delinquent beginning on the date a periodic payment sufficient to cover principal, interest, and, if applicable, escrow, becomes due and unpaid, until such time as no periodic payment is due and unpaid.*

But what about other breaches of the mortgage loan agreement unrelated to payment delinquency? For example, if the member fails to keep the subject property adequately insured? Does the same Section 1024.41 restriction apply in this scenario?

The regulatory text is silent on the issue, as is the official commentary and the CFPB’s small entity compliance guide. However, you’ll find the answer in a CFPB fact sheet dated August 4, 2016. It reads as follows:

The definition of delinquency does not address whether a borrower can be delinquent under the specified mortgage servicing provisions due to other breaches of the mortgage loan obligation, such as a failure to pay property taxes or maintain required insurance outside of escrow, committing waste or violations of law on the property, or failing to occupy the property when required by the mortgage loan. Although a breach other than the failure to meet

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

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](#)

March, 2018

- March 16th, 2018: [Same-day ACH \(NACHA\) – Phase 3](#)

the periodic payment obligation will not begin a period of delinquency under the specified mortgage servicing provisions, a servicer may be able to exercise its rights to accelerate payment for such a breach if permitted by the mortgage loan contract and other applicable law. The 2016 Mortgage Servicing Rule does not prohibit a servicer from accelerating the mortgage loan in such circumstances. If a servicer properly accelerates a mortgage loan, the periodic payment used to calculate the period of delinquency is the total amount due after acceleration. However, if the borrower reinstates the mortgage loan or cures the arrearage following acceleration, the borrower is no longer delinquent and the delinquency period ends.

In summary, yes, the 120-day foreclosure restriction also applies in the case of a non-payment related breach of the mortgage loan agreement. Returning to our earlier example, if the member fails to keep the subject properly adequately insured, the credit union must first accelerate the debt. If the member fails to pay the accelerated amount within 120 days, then the credit union may proceed to foreclosure.

Source: CUNA Compliance Community

Arbitration rule Signed by President

It's official – the resolution to repeal the Consumer Financial Protection Bureau's Arbitration rule has been signed into law by the President.

Last week, the [CUNA-League System showed its force on Capitol Hill](#) when the Senate passed a resolution to repeal the Consumer Financial Protection Bureau's arbitration rule under the Congressional Review Act (CRA). The [House of Representatives](#) passed their resolution in July.

CUNA was an early opponent of the rule and was integral in the resolution passing the Senate. CUNA's opposition and concerns with the rule were expressed to [the CFPB](#), Treasury, [Congress](#), and [in the media](#) (on [more than one](#) occasion).

CUNA appreciates Congress and the President recognizing that this rule ignored the different size and member-ownership structure of credit unions and instead treated them as akin to abusive Wall

[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 webinar on Credit Union Diversity

The NCUA has [announced](#) an upcoming webinar, "What, Why and How: Credit Union Diversity," scheduled for Thursday, November 2, beginning at 2 p.m. EDT.

Registered users can submit questions in advance at WebinarQuestions@ncua.gov. The email's subject line should read, "CU Diversity." Participants with technical questions about accessing the webinar may email audience.support@on24.com. This webinar will be closed

Street banks. This rule was just the latest example of the one-size-fits-all rulemaking coming from the CFPB and thankfully Congress and the President acted to remedy the situation.

Source: CUNA

OFAC Amends Global Terrorism Sanctions Regulations

The Department of the Treasury's Office of Foreign Assets Control (OFAC) is [amending the Global Terrorism Sanctions Regulations, 31 C.F.R. part 594 \(GTSR\)](#), to apply the blocking provisions of the GTSR to foreign persons that have been identified by OFAC as officials, agents, or affiliates of Iran's Islamic Revolutionary Guard Corps (IRGC). This amendment will take effect upon publication in the Federal Register on Tuesday, October 31, 2017.

OFAC is amending the GTSR pursuant to section 105(b) of the Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA) as it relates to officials, agents, or affiliates of the IRGC. Further information about CAATSA, including updates to two frequently asked questions related to section 105 of CAATSA, can be found on OFAC's CAATSA [page](#).

OFAC Announces Joint Terrorism Sanctions

OFAC [sanctioned seven individuals and three entities of the North Korean regime](#) in response to the regime's ongoing and serious human rights abuses. Treasury took this action in conjunction with the State Department's "Report on Serious Human Rights Abuses and Censorship in North Korea," which has been submitted in accordance with the North Korea Sanctions and Policy Enhancement Act of 2016.

OFAC also deleted several entries from its list of Transnational Criminal Organizations designees.

Source: OFAC

Advocacy Highlight

captioned and then archived online [here](#) approximately three weeks following the live event.

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!

Summary of Interim Final Rule: CFPB Mortgage Servicing Under RESPA (Reg X)

On October 16, the Consumer Financial Protection Bureau (CFPB) issued an interim final rule to clarify a provision in the 2016 Mortgage Servicing Final Rule, relating to Regulation X, the Real Estate Settlement Procedures Act (RESPA), regarding the time period within which written early intervention notices must be delivered to borrowers who have exercised their right to cease communications under the Fair Debt Collection Practices Act (FDCPA). RESPA provides that a FDCPA-subject servicer must provide a written early intervention notice on a periodic basis, no more than once every 180 days.

During the public comment period, mortgage servicers expressed concern that the 180-day requirement, read in conjunction with other RESPA notice requirements, would necessitate such notice to occur exactly on the 180th day only. As this interpretation was unintended by CFPB, the interim final rule clarifies that such notice under RESPA for borrowers who have initiated a cease communication under their FDCPA rights, may be delivered within a 10-day window, which occurs at the end of the 180-day period.

Small servicers under \$10 billion in assets that service fewer than 5000 loans—all of which they or an affiliate owned or originated, continue to be exempt from the mortgage servicing requirements, including this interim final rule.

The interim final rule is effective on October 19, 2017, **with comments accepted until November 15, 2017.**

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.

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.](#)