

InfoSight Highlight

InfoSight – Bank Secrecy Act

The Bank Secrecy Act (BSA), also known as The Financial Recordkeeping and Reporting of Currency and Foreign Transactions Act of 1970, was enacted to help in the investigations of money laundering, tax evasion and other criminal activity.

There are many laws and regulations that make up BSA. Among them are the Money Laundering Control Act of 1986; the Anti-Drug Abuse Act of 1986; the Currency and Foreign Transactions Reporting Act; and the Financial Recordkeeping and the Department of Treasury's Reporting of Currency and Foreign Transactions rules. The most recent law impacting BSA is Title III of the USA Patriot Act, passed in 2001.

On the Bank Secrecy Act Channel are 19 different topics, including Money Services Businesses and Virtual Currency. Be sure you are kept up-to-date with the information in the [Bank Secrecy Act channel](#) today!

Compliance News

CFPB Issues Final Rule To Help Mortgage Servicers Communicate With Certain Borrowers Facing Bankruptcy

The Consumer Financial Protection Bureau (Bureau) this week issued a final rule to help mortgage servicers communicate with certain borrowers facing bankruptcy. The final rule gives mortgage servicers more latitude in providing periodic statements to consumers entering or exiting bankruptcy, as required by the Bureau's 2016 mortgage servicing rule.

The Truth in Lending Act requires mortgage servicers to provide periodic statements to borrowers, and the Bureau has developed sample forms for servicers to use. The 2016 mortgage servicing rule requires that servicers send modified periodic statements or coupon books to certain consumers in bankruptcy starting April 19, 2018. The rule also addressed the timing for servicers to transition to providing or ceasing to provide modified periodic statements to consumers entering or exiting bankruptcy. After issuing the rule, however, the Bureau learned that certain technical aspects of the timing of this transition may create unintended challenges and be subject to different legal interpretations. In October 2017, the Bureau sought public comment on a proposed rule that would provide greater certainty to help servicers comply. This week, the CFPB is finalizing that proposed rule. Specifically, the final rule provides a clear single-statement exemption for

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Compliance Videos

Compliance Outlook for Q1 and Q2 2018

In this NEW video, Glory LeDu provides the [overview of what's ahead in the compliance world for 2018](#). This covers annual threshold updates, HMDA changes, Payday Alternative Loans, Military Lending Act, ACH Same-day ACH processing and more!

Just a reminder that Compliance videos since 2016 can be found on YouTube at [the Compliance Connection channel](#), where they are generally updated quarterly.

Compliance Calendar

March, 2018

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

servicers to make the transition, superseding the single-billing-cycle exemption included in the 2016 rule.

The effective date for the rule is April 19, 2018, the same date that the other sections of the 2016 rule relating to bankruptcy-specific periodic statements and coupon books become effective.

The final rule on the timing requirements for bankruptcy periodic statements is available at: https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing_final-rule_2018-amendments.pdf

Source: CFPB

Reporting HMDA Race/Ethnicity Data When the Borrower is a Business

Now that business lenders are required to report HMDA data for business loans that are secured by a dwelling ([read more about this in a previous CompBlog post](#)), many such lenders may be faced with the situation where the borrower is a business entity, such as a corporation or LLC. Here at CUNA Compliance we have received several questions from member credit unions about how to report the ethnicity and race government monitoring information required under HMDA when the borrower is in fact a business rather than an individual.

In this situation, you would report "NA" (for "Not Applicable") on both data points since the borrower is a business entity and therefore cannot have a race or ethnicity. This is also true even if you know the race and ethnicity of the owner of the business or the guarantor of the loan; you do not report the race and ethnicity on these persons. The business is the borrower, thus you report Not Applicable. Please continue to reach out to CUNA Compliance with all your HMDA-related inquiries!

Federal Reserve Board Issues Proposed Rule to Amend Regulation J

Earlier this week, the Federal Reserve Board issued a Proposed Rule requesting comment on amendments to simplify Regulation J (Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through Fedwire) and to make it conform more closely with Regulation CC (Availability of Funds and Collection of Checks).

[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 \(Date Extended\)](#)
- April 19th, 2018: [Amendments to the 2013 Mortgage Servicing Rules](#)
- April 29th, 2018: [5300 Call Report Due to NCUA](#)

May, 2018

- May 11th, 2018: [Customer Due Diligence – CDD \(FinCEN\) – Effective date](#)
- May 28th, 2018: Memorial Day - Federal Holiday

July, 2018

- July 1st, 2018: [Regulation CC Amendments – Availability of Funds and Collection of Checks](#)
- July 4th, 2018: Independence Day - Federal Holiday

The proposed amendments are intended to align the rights and obligations of parties, including the Federal Reserve Banks, with the Board's 2017 amendments to Regulation CC, which reflected the evolution of the nation's check collection system from one that is largely paper-based to one that is virtually all electronic. The proposed amendments would clarify and simplify provisions of Regulation J, remove obsolete provisions, and improve consistency between Regulation J and Regulation CC. The proposed amendments would also clarify that electronically-created items (check-like items created in electronic form that never existed in paper form) are not "items" that the Reserve Banks are authorized to handle under Regulation J.

The Board has also proposed amending Regulation J to clarify that financial messaging standards for Fedwire funds transfers, such as the international common format standard ISO 20022, do not confer or connote legal status or responsibilities with respect to Fedwire funds transfers.

Subpart A of Regulation J governs the collection of checks and other items by the Reserve Banks. This subpart includes the warranties and indemnities that are given to the Reserve Banks by parties that send items to the Reserve Banks for collection and return, as well as the warranties and indemnities for which the Reserve Banks are responsible in connection with the items they handle. Subpart A also describes the methods by which the Reserve Banks may recover for losses associated with their collection of items. Subpart A authorizes the Reserve Banks to issue operating circulars governing the details of the collection of checks and other items and provides that the operating circulars have binding effect on all parties interested in an item handled by a Reserve Bank. The Reserve Banks' Operating Circular No. 3, "Collection of Cash Items and Returned Checks" (OC 3), is the operating circular that is the most relevant to Reserve Banks' check collection activities. Subpart B of Regulation J provides rules to govern funds transfers through the Reserve Banks' Fedwire Funds Service. This service is also governed by the Reserve Banks' Operating Circular No. 6, "Funds Transfers through the Fedwire Funds Service" (OC 6).

Comments on the proposed amendments are requested within 60 days of publication in the Federal Register, which is expected shortly.

[Is Your Credit Union Ready for the Remote Deposit Capture Indemnity Provision of the Reg CC Final Rule?](#)

- July 29th, 2018: [5300 Call Report Due to NCUA](#)

September, 2018

- September 3rd, 2018: Labor Day - Federal Holiday

Compliance Training

Regulatory Compliance Training

[CUNA and CUNA Webinars](#)

[CUNA has published a list of their free webinars for 2018!](#)

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!](#)

[CFPB'S Amendments to the Mortgage Servicing Rules Webinar \(Recorded\)](#)

Credit unions that service mortgage loans saw an increase in their servicing responsibilities in October 2017 and will see additional requirements take effect in April 2018. [Click here to](#)

The 2017 Regulation CC final rule becomes effective on July 1 this year.

[register for this recorded webinar.](#)

The final rule creates a new Remote Deposit Capture Indemnity in Section 229.34(f) to address the allocation of liability when a depository institution, such as a credit union accepts deposit of a check through "remote deposit capture." In other words, when the depositor/ member sends the credit union electronic information about a check, such as a photographic image, which the credit union uses to create an electronic check or substitute check for collection. The proposed indemnity would be provided by a credit union that accepted a check via remote deposit capture to a financial institution that accepted the original check for deposit, in the event the financial institution that accepted the original check incurred a loss because the check had already been paid.

The final rule added an exception to the indemnity, and associated commentary, which would prevent a bank from making an indemnity claim if it accepted the original check containing a restrictive indorsement inconsistent with the means of deposit, such as "for mobile deposit only." The federal Reserve Board believed that providing this exception could reduce accidental double deposits and could provide incentives for financial institutions that receive remote deposit capture deposits to take steps to minimize intentionally fraudulent deposits.

Something to consider: If your credit union accepts checks via remote deposit capture, you may want add language to your Remote Deposit Capture Agreement (if the language isn't already there) that requires your member to add a restrictive indorsement to the check such as "For Mobile Deposit Only," or similar indorsement. Such an indorsement may help reduce risk to your credit union.

Source: CUNA Compliance Blog

Advocacy Highlight

Last week, CUNA continued to advocate for common sense regulation... The Senate began consideration of comprehensive regulatory relief legislation... CUNA wrote to multiple Congressional Committees in support of data breach legislation, the Senior Safe Act, and regulatory relief... CUNA joined the Ohio Credit Union League in support of Dover-Phila... [Read about this and more in this week's Advocacy Update!](#)

Source: CUNA Advocacy

Keeping up with CUNA Advocacy

To stay abreast of the issues on which CUNA has provided input to lawmakers and regulators, [here is a list of those topics](#).

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. To receive this update, click on “Get CUNA Updates” on the [CUNA Advocacy page](#). Additional Advocacy efforts may also be found under [CUNA’s Removing Barriers blog](#). With the recent updates to CUNA’s website, Advocacy information has also changed. To view recent advocacy issues and see ways your credit union can become involved, visit the [Priorities](#) or [Actions](#) pages.

COMPLYSIGHT ENHANCEMENTS!

ComplySight has recently enhanced the Export process, allowing users additional flexibility to retain or archive data in the system. A new training video is available to walk users through the Export process and all the options. We now have a total of 17 video tutorials, plus an updated User’s Guide!

To access the tutorials and User’s Guide, log into ComplySight and click on the “Training and Support” link in the left navigation (formerly known as “Help”), then choose “Video Tutorials.” If you have any questions, please feel free to contact info@complysight.com.

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](#).